

# Reputation Management

Leading practitioners look to the future of Public Relations

## Authors

**Kevin Murray, Chairman**

**Bell Pottinger Group**

Visiting Fellow, Henley Management College

Fellow of the Chartered Institute of Public Relations

**Dr Jon White**

Visiting Fellow, Henley Management College

Fellow of the Chartered Institute of Public Relations





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## **Acknowledgements**

We would like to acknowledge the contribution made to this study by the practitioners who gave their time to be interviewed, and the assistance of Haya Chelot and Amanda Kitson of Bell Pottinger Group and David Kenning in helping us compile this report.

## Introduction

In 2004 we spoke with 14 Chairmen and Chief Executives of major UK and International organisations to understand what contribution they perceived public relations made to their overall performance.

They said public relations had become “mission critical” to success – albeit that most organisations under-invested in the practice. The most pressing issue for the future of Public Relations was, they said, the shortage of talent and expertise among practitioners.

In an increasingly complex, fast changing world, they worried about the lack of good “radar” to warn them of risks that would endanger their organisations.

Only the most talented, well rounded practitioners – experienced in the “art and science” of public relations – would be able to lead these organisations to higher standards of communications and better, more mutually beneficial relationships with key stakeholders.

These 14 Chairmen and Chief Executives raised important questions about the future of public relations.

One year on, we decided to ask 14 leading practitioners how they think the practice is developing, what changes are influencing the way they behave, and what they predict will be the consequences of those changes. Do they share the same concerns as the business and organisation leaders questioned? And – if they do – how must the practise rise to the challenges it faces?

Together these 28 people describe a world of increasing complexity for decision makers. This complexity is growing at a disturbing rate because of a number of issues, including:

- The sheer speed of communication on a global scale
- The staggering increase in channels of communication, especially digital
- Shifting patterns of influence, and the rise of citizen reporting and blogging
- The elevated expectations of all stakeholders, and the rise of consumer power
- New and rapidly changing communities of interest, enabled by digital technologies and a new sense of empowerment
- Increased regulation and the consequent communications requirements
- The aggressive pursuit of information by journalists, and the “tabloidisation” of business reporting
- Declining levels of trust

At the heart of all these interviews was one striking thought – that, increasingly, good relationships are the engines of success in today’s world. These relationships can only be built and maintained through superior communications as well as excellence in performance.

The problem is...that which represents superior communications today, will be different next month, and different again the month after.

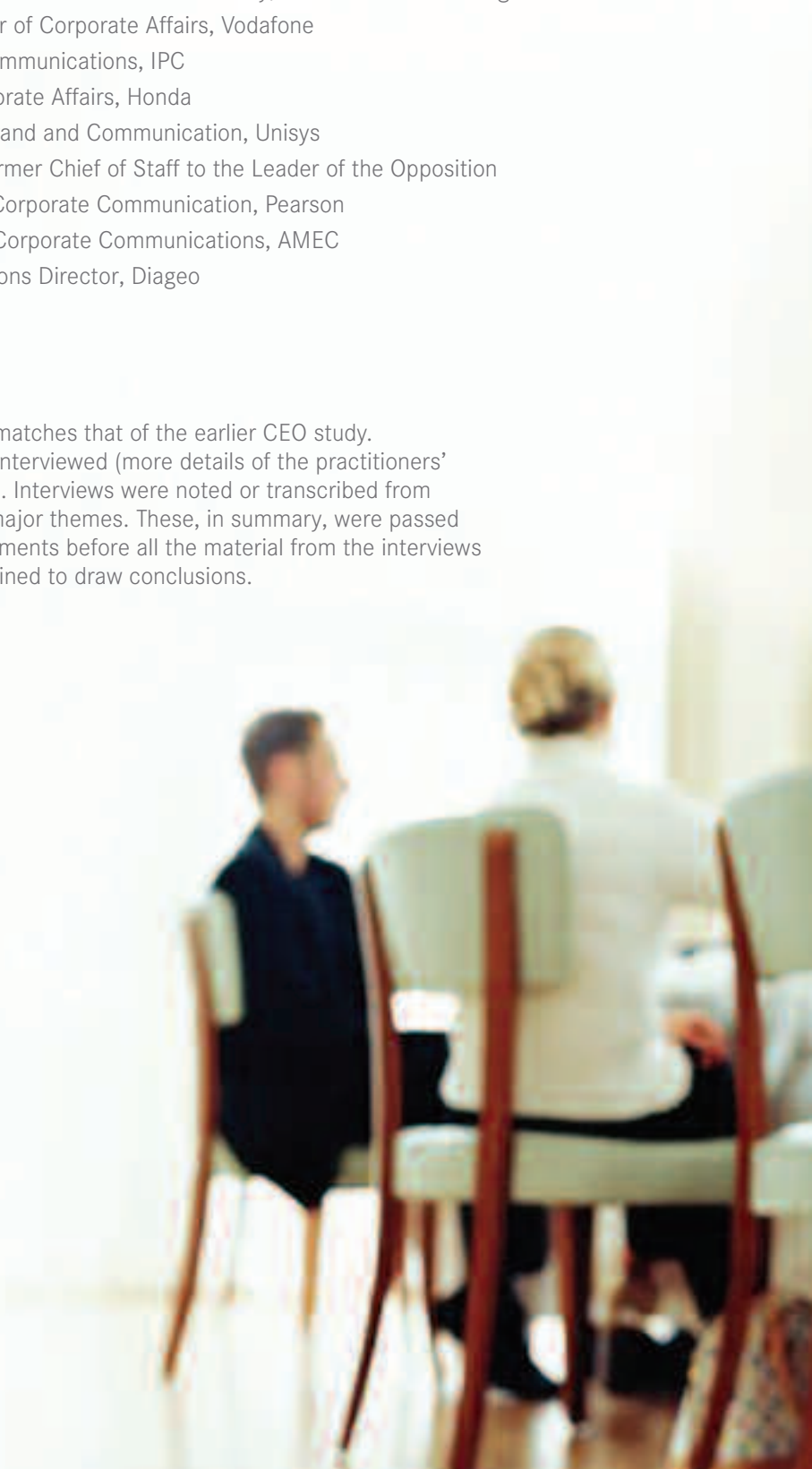
We hope you find this report of interest, and that it gives you insight into the future of public relations.

## Leading practitioners interviewed:

- Duncan Bonfield, Director of Corporate Affairs, BAA
- Dominic Cheetham, Head of Corporate Communications, Serco
- Thomas Coops, Communications Director, Abbey
- Nick Hindle, Director of Communications, McDonalds
- Howell James, Permanent Secretary, Government Communications
- Paul Kafka, Director of Communications & Public Policy, London Stock Exchange
- Simon Lewis, Group Director of Corporate Affairs, Vodafone
- Karen Myers, Director of Communications, IPC
- Chris Rogers, Head of Corporate Affairs, Honda
- Ian Ryder, Vice-President Brand and Communication, Unisys
- Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition
- Luke Swanson, Director of Corporate Communication, Pearson
- Juliet Sychrava, Director of Corporate Communications, AMEC
- Ian Wright, Corporate Relations Director, Diageo

## Methodology

The methodology used in this study matches that of the earlier CEO study. Fourteen leading practitioners were interviewed (more details of the practitioners' biographies are listed at Appendix A). Interviews were noted or transcribed from recordings and analysed to extract major themes. These, in summary, were passed back to the group for additional comments before all the material from the interviews and further comments were re-examined to draw conclusions.



## Executive Summary

The Directors of Communications interviewed in this report describe a world in which there has been an explosion in the number of ways people today seek news, information, entertainment and connection.

This has made an already demanding role even more complex, faster paced and central to the progress of the organisations they represent. In itself, what those Directors of Communications have to say is fascinating and valuable.

The added value of this report comes from the ability to compare and contrast their views with those of an equal number of company Chairmen and CEOs all interviewed previously.

This report is therefore presented in two sections. The first sets out the views of the communications practitioners, and their predictions, hopes and fears for the practice in years to come.

In the second section, we summarise the findings of our survey of CEOs and Chairmen, summarise the combined reports, and offer our views on the findings.

There are eight key themes emerging from our interviews with leading Communications practitioners. These are:

1. Public relations practice has become more important and is increasingly at the heart of strategy-making, but significant progress still needs to be made.
2. Companies must get better at engaging their employees; communicators need to get better at helping management to achieve this.
3. The public relations role has increasingly become about managing and interpreting relationships, encouraging listening and engaging in dialogue in order to protect and maintain reputations.
4. Legislative changes, social pressures and media fragmentation are making the job more complex and demanding.
5. Public relations will have to improve awareness of where specific audience groups get their information, become more targeted in their approach, and more integrated in their delivery.
6. Regulation is driving the requirement for more (and more effective) communications, but some regulation is creating more opaque messaging.
7. Practitioners have to raise their game, become more commercially aware, and better able to argue the value of their views.
8. With new recruits moving into public relations from other disciplines, the need for training and development has never been greater, but where is this to come from?

In the main body of the report we illustrate the themes outlined above with key quotes from the practitioners interviewed. The interviews were usually more than an hour long, so the quotes are for illustrative purposes only.

## 1. Public relations practice has become more important and is increasingly at the heart of strategy-making, but significant progress still needs to be made

Public relations is increasingly a core function of most organisations, led by the Director of Communications but owned by the Chief Executive and his executive team. It is more commonly referred to as corporate communications and recognised as being about reputation management.

The function is increasingly at the centre of strategic decision-making, providing foresight, “outsight” and insight to influence the decision-making process and support to build, maintain or create good relationships.

It is often seen as the “conscience-pricker” of the organisation. Confirming the results of earlier studies, it was found that the function needs to be close to the executive team managing day-to-day operations, while not necessarily a board level function. Instead of simply being the “doer” of communications, increasingly the role is about facilitating good organisational communications and reputation building practices across the organisations represented.

Practitioners feel the need for top management to be better educated as to the necessity and importance of the public relations function and about making communications part of the solution or business strategy of their organisations. This will require communicators to be better prepared and more proactive in explaining the value of the function.

Only when all the people in the organisation are aligned on the importance of communication and are becoming effective communicators themselves, can the true power of public relations be realised.

### Simon Lewis, Director of Corporate Affairs, Vodafone

“I cannot think of a FTSE100 company which doesn’t have a Director of Corporate affairs or someone within that capacity. All the signs are very good; public relations has become much more central to companies as a core function. If you look at the drivers of business success; globalisation, the demand for greater transparency, the understanding of risk and how a company’s reputation can be affected positively and negatively, I think the discipline is only going to grow in size and influence. My guess is that the industry is not yet mature and has some way to go.”

### Duncan Bonfield, Director of Corporate Affairs, BAA

“The practice is only going to grow in importance, communications is going to become more vital for organisations and hopefully more organisations will come to a more mature point of view of how they deal with communications.”

“The communication function is a company’s window to the outside world.”

### Howell James, Permanent Secretary of Government Communications

“We are trying as a communications function to engage earlier and at higher levels in order to bring some insights to the senior table about the customer and the citizen; and therefore play a part in shaping the policy deliberation process and act on communication issues at an earlier stage.”

### Ian Wright, Corporate Relations Director, Diageo

“The practice has to be the orchestrator of those stakeholder processes and the arbiter who brings back to businesses what stakeholders are saying.”

“The role of the Corporate Affairs and Corporate Relations Director is increasingly crucial, in ways I wouldn’t have dreamt of ten years ago, to the performance of the business.”

### Paul Kafka, Director of Corporate Communications and Public Policy, London Stock Exchange

“I am a member of my organisation’s executive committee and am expected to contribute to strategic discussion and debate. Practitioners are in this position on merit, as senior business leaders. This has been a change over the past five years, but it creates extra pressures, as practitioners operate beyond their field of expertise.”

### Ian Ryder, Vice President Brand Communication, Unisys

“The biggest challenge I have had is how to make my chief executive understand me and the importance of what I do. I still think that is the Holy Grail for this function and I still think this works better for FMCG [companies] because often the CEO has come via marketing so possesses a better understanding of the function.”

### Karen Myers, Director of Communications, IPC

“The key thing is to have the space around the CEO and senior management’s table in order to be able to influence and work with our diverse businesses as equal partners.”

### Nick Hindle, Head of Corporate Affairs, McDonald’s

“I have to be able to communicate effectively with national and international senior management at a moment’s notice due to the global and retail nature of our business, so yes, the communication function has definitely grown in importance.”

### Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition

“I think that the top communicators will work much more hand-in-glove with the top executives. I think the communication practice is going to be bigger and require twenty four hours a day cover.”

### Luke Swanson, Director of Corporate Communications, Pearson

“I think that one of the biggest changes is that the function has become much more central to the way businesses think and behave. The practice will be more crucial to organisations as it carries on being more integrated. It will be more central to business strategy and setting business achievements.”



## 2. Companies must get better at engaging their employees; communicators need to get better at helping management to achieve this

Internal communications is the “sleeping giant” of reputation management and is not yet sufficiently well understood or strategically deployed within most companies and organisations.

Most Heads of Public Relations functions come from backgrounds where experience has been gained in external affairs rather than internal communications. Yet, they realise employee engagement is crucial and not optional in effective brand and reputation management.

Practitioners have identified that this is an important specialised field, which needs to work closely with HR departments, and that there are too few commercially orientated and experienced internal communications experts.

CEOs recognise the importance of helping employees deliver the brand and give customers a great experience. They appreciate that only through better employee communications can they truly deliver great reputations, and increasingly look to their communication advisers to help them communicate better within their organisations.

Employees – as part of a more media-savvy world – have increasing expectations of management when it comes to communications, and are often even inclined to believe external media. This places a huge demand on the function of internal communications.

### Thomas Coops, Communications Director, Abbey

“As internal communications become critical so will the role of the CEO in engaging with staff. In that vein, the communication function is about being a facilitator and link to employees.”

“There is a need for internal communications experts with a broad ranging set of skills. These include, thinking strategically about the business, the ability to engage and retain staff as well as developing the company/employee brand. In short, the role demands good business management skills in addition to more conventional HR skills.”

### Duncan Bonfield, Director of Corporate Affairs, BAA

“Internal communications is becoming more vital in terms of the good running and operation of a business; moreover, employees expect a certain standard of communication especially in the context of the proliferation of the media. There is also the gradual realisation on the part of top executives that there are more subtle things that make a difference to an organisation’s success; it isn’t just about cost and productivity, part of it is customer service and motivated employees ‘living the brand’.”

### Karen Myers, Director of Communications, IPC

“Employees are the interpreters of your world. One of the critical success factors for an organisation is to involve and engage employees and make them recognise that they are an integral part of the company’s success.”

“With respect to employee communication and empowerment, organisations that are based on service delivery tend to be much more focused on the development of their employees than organisations that are not service delivery based. It’s also critical to have the right communication with middle managers who are interpreting your world to employees, and I don’t know that every organisation is as good at engaging with their middle management”.

**Nick Hindle, Head of Corporate Affairs, McDonalds**

“It is important to empower employees with the right communications skills as they are our brand’s messengers. Employees are the key gateway to your customers, so you have to make sure they are aligned to what you are doing and saying and support it.”

**Ian Ryder, Vice President Brand Communication, Unisys**

“Some companies have internal communications as the responsibility of HR, which personally I think is wrong, it should be a function of communications. HR is just one primary content-provider customer of the communications function. The functional expertise resides with communications departments to ensure appropriate delivery of both brand behaviour and relevant messaging.”



### 3. The public relations role has increasingly become about managing and interpreting relationships, encouraging listening and engaging in dialogue in order to protect and maintain reputations

The public relations function is now concerned with owning the processes which forge, manage and create positive stakeholder relationships, which are strengthened by trust. This involves the nurturing of better organisational listening within and without, increased responsiveness to what is being heard, and even more effective communications with all stakeholder groups.

The key is for practitioners to analyse and interpret what is heard, and not simply report it. As the CEOs say, they require their reputation advisers to “see around corners” and anticipate issues and risks.

By identifying potential risks and giving analysis to the decision-making process, practitioners will help management make better quality decisions.

Establishing cohesive corporate listening and managing strategic relationships is not easy, particularly in the current environment where organisations are less trusted, and more aggressively scrutinised, than ever before.

Equally challenging are risks posed by stakeholders who potentially can quickly generate communities of opposition because they have such easy access to digitally-enabled communications and networking. Controlling or even just monitoring such dialogue is a major, if not impossible, task.

The best communications strategy to avert these risks is to encourage dialogue with stakeholders - building their understanding and support through an iterative process.

#### Howell James, Permanent Secretary of Government Communications

“The communication function is in transition from an announcement-led culture to an engagement culture. This is largely due to the fact that Public Relations has moved beyond traditional communications and is now responsible for managing and understanding important relationships.”

“Communications is no longer about press notices or printing leaflets. It’s about understanding what is the cause of your audiences’ viewpoints and behaviours and how to engage with them meaningfully in reshaping these views.”

“Effective communications is going to have to be driven by much more effective segmentation and pertinence to market; less loud hailer more radar, we need to have eyes and ears.”

#### Karen Myers, Director of Communications, IPC

“Communicators have to become better at listening in order to understand their audiences, especially when it comes to customers and employees; however, there is no point in listening if you don’t act.”

#### Simon Lewis, Director of Corporate Affairs, Vodafone

“Reputation has become a better way to describe what we are about. When we are discussing the work of our department we talk about how we manage our reputation. Equally, when you look at our stakeholder map you realise that we are a function that is suited to being the custodian of reputation because our responsibility covers most of the groups whose views can influence the way we are perceived.”

### Ian Wright, Corporate Relations Director, Diageo

“We think of ourselves at corporate relations as very much being driven by our relationship with our stakeholders.”

“This is a business that lives or dies according to consumer insights. We are ever more powerful if we are tuned more to consumer insights.”

“We need to listen to consumers; we need to position ourselves as those who frame the message and those who hear the public. It is our job to translate those individual responses into some form of sensible analysis. We are no longer just the radio station: we are also the audience research people.”

“The role of the Communications Director is about offering an interpretative analysis of stakeholder behaviours and opinions. Thereafter, the listening should be distilled and packaged into a response that businesses are able to communicate. In many ways the advisor part of the communication role is growing whilst the spin doctor role is receding.”

### Nick Hindle, Head of Corporate Affairs, McDonalds

“We have declining trust in media, politicians, corporations and brands, of course it varies from country-to-country and then you have increased trust in peer groups, friends and family. People are more inclined to trust each other and consumers, quite rightly, are feeling more empowered to communicate on issues (Live8, Live Strong) as well as on service and product quality.”

“We have to engage our stakeholder in a dialogue and that means listening is going to become as important as speaking. People will trust people that they have a relationship with, not just people and brands they receive information from. Also, technology is allowing for more interactivity between individuals and communities, this is a huge opportunity for us, at this stage the prospects seem limitless.”

### Ian Ryder, Vice President Brand Communication, Unisys

“We absolutely must learn to understand how human beings actually work and start to recognise that people are people first. Only then can we begin to build and manage those relationships that are key to both ours, and our stakeholders’ future.”

### Thomas Coops, Communications Director, Abbey

“I think communication professionals will have to become savvier about reputation as a whole, gain a deeper understanding of customers and be aware of best practice in the industry. Within this context, I envisage that the communication advisor of a company will increasingly fulfil the role of a ‘guru’ or, at the very least, a counsellor.”

### Luke Swanson, Director of Corporate Communications, Pearson

“There is an ongoing need for all of us to win public confidence and trust.”



## 4. Legislative changes, social pressures and media fragmentation are making the job more complex and demanding

Many factors are contributing to making the management of strategic relationships ever more difficult.

The traditional media – television, radio and print – are fragmenting rapidly, and with this fragmentation, the accepted patterns of influence are changing. With more than 300 digital television stations; an equal number of radio stations, and with the competition from the Internet; the power of the National newspapers is waning (but far from over). More trust is now invested in the local and regional newspapers, and in consumer magazines, than in the national broadsheets and tabloids.

The rise of more hostile and widespread business reporting makes the use of the traditional media more difficult and forces organisations to find more direct means of communication with their stakeholders to ensure their messages are getting through.

Digital communications, through the Internet, mobile telephones, and a variety of handheld portable devices, mean more people have more access to weapons of mass communication – which means that information (both correct and incorrect) can be far more rapidly and much more widely disseminated than ever before. This requires far more sophisticated monitoring of these channels and much more rapid response, often using exactly the same channels.

These channels allow for much greater interactivity with audiences, who are increasingly information hungry and have increased expectations of having greater interaction with organisations.

The phenomenon of “citizen reporting” has become a major factor in 2005 and, along with blogging, brings, sometimes unwelcome, levels of transparency on organisational activities. Blogging (derived from Web logging) enables everybody from the CEO to the cleaning staff to have a view and publish it on the net. This can potentially be extremely unhelpful, especially if employees make known commercially sensitive facts or “difficult” internal issues.

Increasingly, practitioners are having to recognise external bloggers as legitimate commentators on their businesses and treat them as they would normal journalists. Many practitioners feel that the UK has not yet felt the full force of blogging and will need to develop policies and capabilities to deal with this phenomenon.

In many communication functions, the heads and their CEOs are not technologically literate and need support in understanding how to use the new media.

The new technologies enable people to make contact with others who share the same views and form alliances very quickly. Often it can be conversations among these communities of interest that force corporations into reacting, when traditional media had not yet publicised the issue.

### Duncan Bonfield, Director of Corporate Affairs, BAA

“Society expects more information and processes more information and when that information isn’t forthcoming there is a level of dissatisfaction.”

“In this media savvy age, there will be an increased scrutiny of the wealth creating enterprises.”

### Ian Ryder, Vice President Brand Communication, Unisys

“I think blogging is going to be the biggest single communication challenge for most companies. It’s an organisational integrity challenge. Blogging will be a major force for change in corporate behaviour.”

### Ian Wright, Corporate Relations Director, Diageo

“The global nature of business means there is greater exposure to the law of unintended consequences. What happens in one corner of the world affects each and every one of us. The power of the internet makes it a prevailing tool for getting half truths all around the world, however, the internet can work in good and positive ways for a company.”

### Karen Myers, Director of Communications, IPC

“I don’t think that the trade and business media are the only influencers in the way they once were; you cannot rely on a fragmented media to reach all the people you need to reach. One way of accessing our stakeholders should be through direct communications; we should be skilled at finding the right media to target those audiences. This necessarily implies more research, finding new ways of communicating, and selecting a medium which is most appropriate to your audience.”

### Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition

“Overall communications are becoming more fragmented because people are getting information from so many different sources, much less from the mass media. Instead, people are more readily consulting websites, which have clearly become a major source of information.”

“You are very vulnerable to a piece of very bad news in the media due to the fact that people only read the headline and do not go beyond that.”

### Nick Hindle, Head of Corporate Affairs, McDonalds

“I think it is difficult to define a new media now because you could almost say that conversations between customers are a media. This is a challenge for us because we need to make sure that we construct our campaigns, budget and other resources in order to address this increasingly fragmented market.”

“Most of our senior management are pre-internet and certainly pre-blogging. So we have to challenge our comfort zones on a regular basis and therefore we have to find people who enable us to do that and know how to be more effective communicators within that space.”

“We need to do more on portable media and the internet. How do you communicate effectively across text messaging? We are so preoccupied with communicating our messages through more traditional outlets that we are really not getting our heads around what is coming our way. The implication of not seizing these new forms of communications is that we risk becoming less current and left behind.”

“Technology has had a positive impact on how we distribute information internally and externally, for instance we get a lot more direct contact with senior management nationally and internationally.”

### Thomas Coops, Communications Director, Abbey

“The spread of new technology which has facilitated new approaches like blogging, coupled with increased regulation, means that the communication function has to be constantly aware of any new developments. The advent of electronic media and 24/7 coverage, has led to the proliferation of information sources in the public domain, there are now thousands of sources about a particular company and in such an environment controlling your message becomes all the more difficult.”

### Luke Swanson, Director of Corporate Communications, Pearson

“I was really struck by the phenomena of ‘citizen reporting’ during the 7/7 bombings [in London]. The expectation that citizens can be makers of news instead of passive receivers is a huge thing as well as the blogging phenomenon. These are quite staggering changes for people who are managing corporate reputation. Quite a lot of the traditional models of corporate reputation management seem to be breaking down.”

## 5. Practitioners will have to improve awareness of where specific audience groups get their information, become more targeted in their approach, and more integrated in their delivery.

With the rise of so many new channels of communication, many practitioners feel there is too little understanding of where people are really getting their information from today. Ironically, this particularly applies to one of the greatest providers of information – corporate web sites.

This new environment is further complicated by a fear that in a time pressured world, most newspapers are being read at a headline and first paragraph level only. This implies a shallow understanding of current issues, unless those readers are getting more information from other sources.

All of this is causing a much greater need for clearer and insightful segmentation of audiences, a greater recognition of the power of networked communities of interest, more (and more effective) use of highly targeted channels of communication including all the new media.

Yet, challengingly, simultaneously they have to deliver more consistency of messaging and much more effective integration of communications.

Indeed, in this new media age, engaging with the public has become increasingly difficult. Placing one story in the hope that it will reach all your stakeholder audiences will no longer suffice, you now need to engage with your target audiences through different and varied means.

This places great stress on the need for more integrated communications within organisations, and better capability amongst external advisors in their understanding of holistic communications.

More and more emphasis is being placed on the need to use people themselves as channels of communication. This means thinking of changing some of the traditional ways of approaching communication. For example, using doctors as a conduit to patients means engaging doctors and enabling them to communicate rather than simply communicating at them.

Clarity of message and differentiation becomes vital in a cluttered information world.

### Howell James, Permanent Secretary of Government Communications

“In the case of Government there are numerous channels to the public such as GP clinics and boards in schools, all these are valuable communication spaces. Unfortunately there seems to be a lack of understanding of how Government can get through to different publics through its own mechanisms.”

### Karen Myers, Director of Communications, IPC

“Stakeholder targeting becomes quite hard, particularly in the case of online. Everyone can register for the online services but one doesn’t know who actually is using them, so although we have a global platform it isn’t necessarily as valuable as one thinks. Perhaps we need to do more research amongst our key stakeholders. Stakeholders may take their influences from one or two places. At the individual media level it is difficult to target the right people but at an individual user level it is phenomenally difficult. One can only make assumptions about what people are reading and getting information from.”

“So the question is how do you stand out on these things [in using new modes of communications] and how do you engage those audiences wanting to be a member of your club?”

### Nick Hindle, Head of Corporate Affairs, McDonalds

“Our last global marketing officer coined the phrase “brand journalism”; by which he meant that brands have to communicate in many different channels at the same time.”

“We are bringing external and internal communications closer together - often saying the same thing to our customers and our people at the same time in the same way...”

### Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition

“You are going to have to look much more carefully at where your potential markets get their news from and you can’t fall back on lazy assumptions... the challenge is how to make your information distinctive, compelling, authoritative.”

“More fragmented channels of communication mean that the ability to communicate mass messages is severely limited. Communication professionals now have to rely on targeted channels to get information across to interested parties. What has emerged from this maelstrom of information is the clear need to focus on value based communications which allow for consistency in a rapidly evolving world. All of which seem to imply that the skills set of communicators have to change; it has to be much less about message crafting and delivery and much more about organisational conscience and about helping an organisation live their own set of values.”

### Thomas Coops, Communications Director, Abbey

“I also think that people are more business savvy, business pages are now read more than ever before. People are more aware, business is covered more comprehensively. You therefore have to communicate your strategy very simply and clearly without being simplistic about it.”



## 6. Regulation is driving the requirement for more (and more effective) communications, but some regulation is creating more opaque messaging.

The burden of increased regulation is forcing organizations to conduct much more frequent and improved communication campaigns.

Regulations affecting those industries or markets within which organisations operate, are fast translating into a key communication risk which can make or break them.

Sadly, owing to lack of trust in business, the likelihood of more regulation is only greater.

In a more litigious world, executives have become even more mindful of the threats of exposing both their companies and themselves to risk, creating a cautiousness which can often act as a counterbalance to their being open and direct in their communications.

The rise in such regulations as Sarbanes-Oxley, intended to provide shareholders with more clarity and transparency and place more accountability on executives, is likely to lead to reduced transparency in communications as organisations try to avoid falling foul of the risks posed by greater accountability.

Since the passing of the Freedom of Information Act, companies (especially those which have relationships with public bodies) are also having to be extremely careful of how they handle themselves as all communications are subject by law to public scrutiny. In short, the Freedom of Information Act is now another channel at the disposal of a society addicted to information.



### **Duncan Bonfield, Director of Corporate Affairs, BAA**

“BAA is affected by several pieces of government legislations pertaining to issues such as the Cross Rail Bill, road pricing and emissions trading, to name a few. In all cases successful communications is key if BAA is to make its case positively.”

### **Ian Ryder, Vice President Brand and Communications, Unisys**

“There is a lot of new legislation around the world that is going to need much better understanding by all senior executives, and that requires clear, effective communication to avoid potentially serious corporate exposure.”

### **Ian Wright, Corporate Relations Director, Diageo**

“Regulation such as Sarbanes-Oxley can be very limiting, this doesn’t help the clarity of our financial communications, and at times it can even make good communications virtually impossible. Sadly, I also think that in general the burden of regulation will increase because companies are not trusted. I think that scandals such as World Com and Parmalat have affected the credibility of businesses.”

### **Nick Hindle, Head of Corporate Affairs, McDonalds**

“Important areas that are impacting us are disclosure from a legal standpoint, transparency, and changes in laws with regards to the level of liability that individuals and corporations have. It means that we have become increasingly involved in levels of policy and this in turn affects our communication, verbal and written, and our message management and message development.”

### **Paul Kafka, Director of Corporate Communications and Public Policy, London Stock Exchange**

“Legislation has a huge effect on the workings of the market. At the LSE we have a four-strong regulatory strategy team, who have major strategic influence, working jointly with our public affairs team.”

### **Simon Lewis, Director of Corporate Affairs, Vodafone**

“The Vodafone Corporate Affairs Department works very closely with the in-house regulatory team. Indeed one of the most significant risks facing the company is regulatory. We operate in 28 markets each with their own regulatory environment capable of changing in a way that could impact on the commercial interests of the company.”

### **Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition**

“I don’t think communications is as restrained by regulation as other areas are but I think that the pressures are such that whatever regulation there is it is certainly going to get worse. We live in an interfering world and every time there is a crisis people will want to impose more regulation.”

### **Thomas Coops, Communications Director, Abbey**

“The sheer volume of regulatory change means that companies have to become more vigilant. However, I wouldn’t say that regulation has a particularly detrimental effect on the communications industry. It has meant that we need to be more professional- which is a good thing. Increased regulation benefits in unusual ways – for instance, the Public Affairs function has more material to comment on.”

### **Luke Swanson, Director of Corporate Communications, Pearson**

“Regulatory changes will bring, I expect, fundamental changes that are going to impact the way we operate as communicators. This will apply in particular to market disclosure type issues.”

## 7. Practitioners have to raise their game, become more commercially aware, and better able to argue the value of their views.

All of the above demands call for higher calibre communications people who need to be more commercially minded, more strategic, more charismatic and influential and able to earn and maintain their right to stay at the decision-making table.

This will require them to have a much better grasp of business disciplines other than just communications – they will need to be commercially aware and more business-like. Indeed, not being commercially minded was seen as one of the greatest barriers to the future success of practitioners.

Increasingly, the teams these people lead are likely to be smaller but with a wider remit, and they will need to be well versed in a multi-disciplinary approach to communications.

Also, they will need to be skilled facilitators of better organisational communications, harnessing the ability of all employees and managers to deliver a good reputation for the company.

### Duncan Bonfield, Director of Corporate Affairs, BAA

“Being a good communicator is all about leadership, this means disagreeing at times and having the courage to demonstrate best practice and do it. You have to contribute to the strategic agenda of an organisation and be able to influence and inspire others and most importantly you have to be able to keep your place at the top table.”

### Howell James, Permanent Secretary of Government Communications

“Communications professionals will earn their place at senior levels by possessing more than an understanding of the media and displaying an interesting mix of skills that encompass wider communication issues such as market research and stakeholder communications.”

### Ian Ryder, Vice President Brand Communication, Unisys

“The function needs to bring real value to a business both at the planning and execution level of the strategy, and then be recognised for that.”

### Ian Wright, Corporate Relations Director, Diageo

“We definitely need new recruits to be more commercial and have better sense of what are the commercial outcomes for a business. The single biggest barrier that prevents my team from being more successful is to not be seen as commercial as they can be.”

### Paul Kafka, Director of Corporate Communications and Public Policy, London Stock Exchange

“If the senior corporate communicator continues to be integrated into strategy development, this will raise the practice to a new level, making demands on practitioners in terms of the qualifications they bring. In these types of role, where the corporate communications function is seen as a single centre, the crossover of practitioners from other functions will accelerate, with heads of corporate communications coming from marketing, strategy etc.”

“Practitioners will have to be tough, show strength of character and assertiveness. In turn, this creates training requirements, and closer coordination of crisis management with chairman and CEO.”

### Sir Stephen Sherbourne, Former Chief of Staff to the Leader of the Opposition

“I think that identifying the people with the right skills is going to be critical....The defining element is that they have to have not just the intellect and the organisational skills that any executive needs, they are also going to have the charisma and the personality to make it happen, they have to make it happen with the guy at the top.”

### Thomas Coops, Communications Director, Abbey

“The communications function is going to be leaner, meaner and broader which in turn means a better quality of people. People who aspire to become Head of Communications will have to become much more strategic and savvy about the levers at their disposal, and implicitly understand the company strategy in order to be able to influence it. They will have to be much better at taking on management and, in order to do so, will need a broader portfolio of skills and an increased awareness of industry trends.”

### Luke Swanson, Director of Corporate Communications, Pearson

“The definition of what the communication function should involve and deliver is becoming more and more challenging for practitioners. For example I expect from our communications practitioners the ability to deal with investor matters, media matters, internal communications matters, public policy and corporate social responsibility. I need people who are able to bring all those different elements together and who can integrate all those parts - that’s the challenge.”



## 8. With new recruits moving into public relations from other disciplines, the need for training and development has never been greater, but where is this to come from?

As the demand for high calibre advisers grows, the talent pool is widening with more people crossing over from legal, management consultancy, marketing and other disciplines. This trend is only likely to accelerate.

This influx of talent delivers new perspectives to the communications function, but is accompanied by inexperience with communications channels which is generating a demand for quality training.

Unfortunately most interviewees think that the training available from public relations professional bodies and academics is not up to the mark and that these institutions are not doing enough to improve industry standards and facilitate the development of multi-skilled communications advisers.

These bodies have failed to build the bridge to active practitioners making it clear as to how they can support and help. They should be hosting more dialogues and discussion between practitioners, academia and the professional bodies to identify ways to improve standards.

### Howell James, Permanent Secretary of Government Communications

“I am seeing an increasing number of people from the private sector coming into the profession which I think is very encouraging.”

“Professional associations will continue to be a depository of cross-industry knowledge and hold measures of best practice for the industry.”

### Ian Ryder, Vice President Brand Communication, Unisys

“I don’t think that the current quality of practitioners is good enough to face the challenges ahead. We need an enhanced pool of people from non-classic communications backgrounds. The need for high calibre practitioners will, I hope, put pressure on institutions like the PRCA.”

### Ian Wright, Corporate Relations Director, Diageo

“I think there is a big debate on how to balance up specialists against people who come into the business in the middle of their careers from the outside. This is definitely an important debate, especially as the communication function grows in importance, companies may look more towards people with strong business backgrounds to lead the communication function.”

### Karen Myers, Director of Communications, IPC

“Those who come from a pure journalism background I don’t necessarily see as being the communicators of the future. To fulfil such a role one needs broad business experience; it is not enough to just be a good media relations operator and a good organiser.”

### Nick Hindle, Head of Corporate Affairs, McDonalds

“Organisations like the PRCA and the CIPR have to be out there attracting good talent and setting the bar higher. There is still a lot of work to be done in improving industry standards.”

### Paul Kafka, Director of Corporate Communications and Public Policy, London Stock Exchange

“Currently there are not enough people in the practice with the ability to work and engage at board level, I therefore believe that public relations will look further afield, and recruit from other professions to find the communications specialists of the future. Even now, I increasingly meet people in the role that do not have a communications background.”

“Academic units contributing to the development of the practice are increasingly important. Communication disciplines should be available to business, and it is disappointing that efforts to provide these through academic programmes have not yet borne fruit. There should be more pressure to ensure that useful academic work feeds into the practice.”

### Simon Lewis, Director of Corporate Affairs, Vodafone

“We need to retain and recruit talented individuals. If people perceive that you can be a senior director in a public company and have a voice at the top table, then they may be encouraged to go down the communications route.”

“The challenge is in bringing the best quality people into the industry but also training them”.

“An industry like public relations needs a voice of authority such as the Public Relations Consultants Association or the Chartered Institute of Public Relations to show that it has a backbone and credibility. The CIPR can also reach out to freelance consultants and make them feel part of a community. Does this mean that the CIPR can bestow on public relations the gravitas of a more established profession like law or accountancy? Well I have a mixed view on that because part of what makes public relations exciting is that it is different from a traditional profession and because there are relatively few barriers to entry”.

### Thomas Coops, Communications Director, Abbey

“The profession may want to look beyond the traditional journalist or investor relations backgrounds when recruiting and perhaps look to hire people with skills more typically associated with management consultancies.”

### Luke Swanson, Director of Corporate Communications, Pearson

“We will be looking for and seeing practitioners coming in from all areas of the business. This is all hugely positive for the practice. The role is going to be more and more demanding as it broadens.”

“If one of these organisations came to me saying we worked out a modular programme for the communications profession of the 21st century, I would consider it.”



## Section Two



### CEO views on reputation management

The report on CEO views on reputation management was the result of a series of interviews, conducted in mid-2004, with 14 Chief Executive Officers and Chairmen from major UK and international organisations.

Its purpose was to determine what CEOs perceive to be the value of public relations, their own role in reputation management and how they assess the contribution that public relations makes to their overall business and organisational performance.

The CEO report is available as a separate document (contact Amanda Kitson by email to request a copy: [akitson@bell-pottinger.co.uk](mailto:akitson@bell-pottinger.co.uk)).



## A composite mock interview with a CEO

When the authors presented the report based on interviews with Chairmen and CEOs at the 2004 International Public Relations Research Symposium in Bled, Slovenia, we decided to stage a mock interview before a live audience of 150 delegates to summarise what we had learnt.

Our full report had already been submitted for delegates to read before the conference, and the purpose of the “staged” interview was to provide them with the essence of our findings. It was also designed to resonate with many of the themes emerging from the conference. Jon White posed the questions, Kevin Murray responded as follows:

**Q** Recent reports such as the Institute of Public Relations/Department of Trade and Industry study on the potential of public relations have emphasized the need to establish the value of public relations. What is your view of the real value of public relations? Is it, for example, really able to influence business strategy?

**A** Yes, to a degree. I see the role of public relations as that of radar and conscience. As the radar of the organisation it is the job of the public relations practitioner to "see around corners" by being in touch with all of our stakeholders, to ensure that we are aware of their views and sensitivities. By doing this the public relations person can make sure we are aware of the consequences of our decisions and so enable us to make better quality decisions. When they bring us intelligence from the marketplace they can make sure that we do the right thing, and can act as the conscience of the organisation.

**Q** In academic developments, public relations has come to be seen as more than a communication practice. It's now seen as a practice that is aimed at influencing behaviour in relationships. Do you see public relations in this way?

**A** Absolutely! This is an old discussion and I cannot see what else public relations is for if it isn't about facilitating good relations with all the stakeholders I depend on for success, and helping to influence those people to supportive behaviours. That means not only their behaviours but also our behaviours.

**Q** Is public relations about monitoring relationships in order to anticipate risks and problems?

**A** It should be! We're living in a much more complex and difficult world in which as a CEO I have increasingly demanding stakeholders and much less time in which to deliver results. I look to my public relations advisors to ensure I am not falling into obvious traps or walking blind into dangerous situations. But, I am not convinced that practitioners have sufficiently good systems and processes in place to pick up all potential risks.

**Q** Is public relations valuable – do you believe that it is possible to measure public relations in terms of return on investment?

**A** It is certainly valuable, but I'm not convinced that it can be measured precisely in terms of return on investment. Intuitively, I know that it is of huge value to me and to the organisation I represent, and I am not too concerned about being able to prove a return on investment. It is very difficult to quantify and we recognise that we have to use a number of proxy measures which at best are indicators. If I was able to prove ROI then we might be able to

justify even more investment in public relations. (I think many companies under- invest in this area.) However, I see this as more of an issue for sellers than buyers of public relations services. Being able to prove return on investment enables sellers to increase their prices, so it is not of great concern to me.

The value of the practice will increase as the calibre of practitioners improves. I don't believe there are enough really good practitioners in the industry and I don't believe that the industry is attracting sufficient numbers of high calibre recruits. The good ones are very good and can show you that public relations is both an art and science, and can help to educate the company to higher standards of communication and relationships. I wonder if the industry is able to bring in enough of the right kind of high calibre people to make a difference?

**Q** Looking at key drivers of reputation, does public relations deliver reputation?

**A** Yes and no - and partly. Yes, because it is the function of public relations to help me to communicate well inside the organisation and thereby to drive up the discretionary effort from employees that makes all the difference to customers. When customers have a great experience, reputation goes up. My role is to lead people inside the company to greater levels of discretionary effort, so my link to reputation is very direct. No, because public relations cannot by words alone influence how people see us. Partly, because it can ensure greater cohesiveness of our communications and greater clarity of message, so that our audiences understand us better.

**Q** What then does drive good reputation?

**A** Doing what you promise, consistently. Being transparent, having integrity and doing everything you can to build and maintain trust. But I cannot stress enough how important it is to do what you say you will do. It is this track record of delivery that builds great reputations.

**Q** Does public relations own reputation management?

**A** No, I do! With the help of my Chairman and my Board I take full responsibility for the reputation of the organisation I represent. I must either set the values of the organisation or represent the existing values, and constantly be aware of reputation risks. Reputation is so important to the future of the organisation and has to be one of my top priorities. The communications department cannot own reputation but it can help to facilitate and ensure we are doing the right things - the things that deliver a good reputation.

**Q** Do you take public relations seriously?

**A** Yes I do, increasingly so in today's world. But it is your job as a public relations practitioner to make me think more about the responsibilities I have as a contributor to society. It is also your job to make me think more about the importance of communications and relationships than you currently do. There is a problem with terminology. When you say public relations, I really think about media relations only. When you talk about "communications" I am more comfortable, because I understand that this role is about facilitating relationships with all of my stakeholders, both inside and outside the company. So in the context of everything we been talking about today, I think corporate communications is a better descriptor.

**Q** Is public relations a necessary part of management?

**A** Yes, very much so and in many different ways. Today, the compartments between audiences are no longer watertight, mistakes are found out quickly and retribution is swifter than ever. It is a more complex world and in this environment good public relations is mission critical.

## Summary

The reports were done a year apart, but together raise a number of key issues which emerged from the interviews with senior communication practitioners and CEOs and Chairman we saw in 2004. This summary synthesises and contrasts the major insights from both pieces of research.

Good communications is 'mission critical' to business success today.

- Corporate Communications has been liberated and transformed from purely defensive and promotional functions to help set strategic direction and facilitate relationship management with those groups whose support is essential to the successful progress of the organisation.
- Corporate public relations is recognized by CEOs as a core and even "mission critical" function, fundamentally important to strategic decision making. Despite this, senior practitioners believe there is some way to go in many organisations to achieve real appreciation and understanding as to its strategic significance. Many CEOs admit that they may 'under-invest' in public relations.
- CEOs need a communications 'radar' to anticipate emerging dangers. Senior practitioners say public relations should serve as a "window to the outside world" and a shrewd interpreter of stakeholder views and consumer insights to inform management decisions. Both recognise the critical role of public relations in interpreting the world for management.
- Public relations practitioners say they need to have access to senior management at all times. CEOs are looking for quality advisors who can "look them in the eye" and sometimes tell them – and the board – what they don't want to hear. Both agree that the personal and intellectual qualities of public relations advisors are key to its status in the organisation.

In a rapidly changing environment, demands on practitioners are growing in complexity

- CEOs and senior public relations practitioners describe operating in a risky, fast-moving, complex environment – fragmenting media, aggressive pursuit of information by journalists and "bloggers", increased consumer power and awareness, declining levels of trust, and the sheer speed of global communications – all demanding greater levels of insight, expertise and speed of response than before.
- Fragmenting media has changed the operating environment and the communications function needs to handle increased complexity, uncertainty and risk to reputation. Technology has created greater interactivity between individuals and communities, and controlling messages in such an environment is extremely difficult.
- Practitioners say public relations is in transition from what has been an "announcement-led" culture to an "engagement culture", where public relations advisors must act more in an advisory and coaching role, than a pure 'doing' role.
- Traditional public relations methods and procedures, operating primarily with selected media and established journalists with a single message, are no longer adequate for successfully managing corporate reputation and risk.
- Campaigns, budget allocation and structures also need to be flexible and much more adaptable to cope with the more chaotic, new digital reality.

- Today's challenge is dealing with the "digital citizen", and for CEOs and senior management (many of whom are pre-internet, and certainly pre-blogging) this requires confronting new realities and moving out of some existing comfort zones. Senior practitioners say they need to lead on communications training and building awareness in organizations.

### Targeting, audience segmentation and dialogue are the new priorities

- Communications leadership is becoming as much about embedding systematic listening within the culture, as coordinating integrated messages.
- While CEOs want their message out there, and want to know what's going on around them, practitioners have been charged with the difficult task of targeting their audiences through increasingly fragmented media, whilst at the same time maintaining and enhancing integration.
- Public relations professionals need to be aware of how to use the new media and take advantage of the ability to reach highly targeted audiences. Whilst the channels may be fragmenting, they are also affording opportunities to reach consumers that would have been practically impossible with old media
- The new age stakeholder demands dialogue and respect, and is digitally empowered to be heard by the masses.
- Practitioners report increased regulation as a two-edged sword, in-so-far as it is driving the need for greater professionalism and more effective communications with stakeholder groupings, compliance also means, paradoxically, that certain messages need to be more

### Internal dimensions of reputation management

- Both CEOs and practitioners agree that public relations increasingly deals with reputation management and requires an integrated, holistic communications approach.
- CEOs recognize public relations cannot create reputation in itself - there must be substance - but public relations is critical to communicating achievements and enhancing reputation.
- All the CEOs we interviewed felt that they owned reputation, and that a correlation could be made between overall corporate reputation and the CEOs personal reputation. Practitioners think that communication strategies should take account of the personal brands of CEOs and key board members.
- Internal communications is the "sleeping giant" of reputation management and corporate value. CEOs realise they can greatly enhance the power of internal communications by articulating a 'point-of-view' in conjunction with the systematic development of a coherent personal brand, but need communications advisors to help them embed this within the corporate culture. Practitioners say there are currently too few experienced communications experts with broad skills, in this field.
- Employees, especially in service industries, need to be empowered with the right communication skills, since they deliver the brand message. Where previously internal communications belonged mostly to HR, practitioners agree that corporate communications should now lead as a facilitator and link to employees. Practitioners realise that they need more training to do internal communications successfully.

## Practitioners: New, upgraded versions needed

- Both CEOs and senior practitioners say that the profession needs to become much better at explaining its case and articulating how reputation management works. CEOs find dealing with higher calibre practitioners raises their perception of public relations value.
- When CEOs and senior practitioners talk of top level communications advisors, they describe a professional with an acute understanding of stakeholder needs and desires, awareness of the organisation's business model, key performance drivers, the operating environment and the confidence to challenge the leaders of the organisation if necessary. They also have to act as coach and facilitator to help company leaders become more effective communicators.
- Communications professionals need a wider range of leadership and management skills so they can facilitate colleagues to deliver more integrated communications programmes across the organization. Senior practitioners envisage their having smaller central teams and having to work in "virtual teams" across the organizations.
- Both senior practitioners and CEOs are concerned as to whether the industry can provide enough high-calibre people. Practitioners need better training and preparation to argue the business value which communications can make. While CEOs referred with confidence to their own personal public relations advisors, they anticipated a lack of talent, depth and training for future recruits to communications.
- Public Relations needs to attract quality people, and offer progressive training and career development paths. PRCA and CIPR as lead organisations for the industry need to be more active in setting higher standards, setting links with academics and providing training.



## Our View

### In general Public Relations – “on the up”

The outcome of our combined interviews with CEOs and communications practitioners on the role and future of public relations is at once reassuring, disturbing and exciting. There is clearly a high degree of harmony between CEOs and their Communications Directors on the increasing value and upward trajectory of public relations. It is clear that public relations (or corporate communications) is becoming more professional, more strategic, more proactive, more commercially-minded and gaining a higher profile within organisations since its recognition as taking up “mission critical” status. Many believe public relations advisers could eventually acquire “guru” status within their corporations but there is still a long way to go – both for PR and for them. And if CEOs and their senior practitioners agree on the value of PR it is not at all clear that all board members share their view. CEOs must work with their communication leaders to drive this point home so Directors and Senior Managers in companies.

### Operational complexity

Public relations, however, is also becoming much more difficult at an operational level for a number of important reasons which are likely to remain with us. In general, whilst it is true to say that PR has come of age as a strategic force and is now considered a board-level discipline, it also represents a much more demanding – perhaps impossible – range of tasks for practitioners. New technology, the fragmentation of delivery through complex digital media channels, the problems of knowing who is saying what – and where they are getting it from – and the increased reputational risks created by speed and ease of access to public audiences, make it extremely difficult for Communications Directors to keep on top of what is “out there.” The “radar” may be willing, but there is clear concern that there is often not enough resource to assess what the blips actually mean. In our view, this could lead to potentially catastrophic communications and reputational failure. Who is claiming ownership of this problem and what are they doing about it?

### Mismatch of investment

And if the operating environment is more complex, practically impossible to control and much more demanding in terms of reaction times, it is also evident that there is a clear mis-match between how senior management has chosen to diagnose these difficulties and what it is actually doing about it. Are they going to accept that the world has become more complex and demanding for communications, and live with it, or is there going to be a strategic, coordinated and fully resourced response? In our view there needs to be much greater alignment between the recognition and evaluation of the implications and issues on the one hand, and the required action and investment in time and resource, on the other.

### A brave new world for Public Relations

Nevertheless, despite these uncertainties and uncontrollable variables, this is a brave new world for the powerful strategic communications discipline that began life as simple public relations. A new and exciting dynamic has been created through the conjunction of digital technology, raised psychological expectations across the range of stakeholders and consumer know-how that is forcing communications right to the centre of corporate and organisational affairs – indeed placing it at the heart of corporate value itself. As a discipline and a career it has a bright commercial future and much will be asked of it. In our view, communications will begin to attract the very brightest and best candidates across all disciplines. The problems are, how to get the best out of them, and how and where to train them. We need to give this serious consideration, now.

## The future calibre of Public Relations people

To emphasise this, a key finding is that both CEOs and communications directors believe that the calibre of future public relations practitioners will need to improve. A major concern, however, is that they consider both the academic and professional association route to be currently inadequate and somewhat wide of the mark. So, where is the critical, commercial and wise-counsel schooling going to emerge from? Where is the evidence that they are doing or even planning to do something about this? Where will the budgets and expertise for this come from? And from where are they going to recruit good generalists and multi-disciplined who have the capacity and potential to be both commercially minded and world-class communicators?

## Parity between internal and external communications

Communications Directors, in general, recognised that internal communications was the “sleeping giant” of strategic communications, and indeed, corporate value. CEOs are, in general, necessarily more externally focused and may need to take note. This is especially true in the service sector where the employees are charged with delivering the brand promise. In our view, the internal communications function must achieve parity of value with external communications. There is, in fact, evidence of a growing alignment and harmony between the content of external and internal messaging. In our view this is a good thing and needs to become part of best practice. One way to aid this may be for public relations to take over any existing role in internal communications from the more functional requirements (and “talking at” ethos”) of Human Resources.

## CEO’s point-of-view and personal brands

In this regard, perhaps one of the most important findings is that practitioners will need to assist CEOs to articulate and demonstrate a coherent and substantial point-of-view, alongside the systematic development of a personal brand. Through differentiating and articulating a leadership position, the CEO’s point-of-view is the keystone to positioning the human face – and laying down the value parameters – of the organisation. Furthermore, its power in terms of aligning and boosting the value of other external and internal communications cannot be overestimated. Our view is that organisations – and especially practitioners and CEOs – need to work systematically and coherently to develop and embed this as part of the strategic communications mix. This is simply too important to take an ad hoc approach and needs to be tackled proactively.

## CEOs and the digital era

Intelligence, research and agility are all at a premium in the new fragmented-media world. Our findings show that practitioners have concerns that CEOs, many of whom date from before the internet era, are not up-to-speed on the changes already impacting on the business. Our view is that most would benefit from coaching aimed at increasing their awareness of the growing asymmetry of power and influence in the hands of bloggers and consumers. The fact is that many CEOs are not in touch with the explosive dynamic of digital channels and we can foresee how this lack of awareness has the potential to have a negative impact on strategic decision-making and the management of reputational risk.

## The big ask – dealing with digital technology and other changes

Technology has already transformed public relations and the requirements for strategic communications management over the past few years and this transformation is not yet complete – it never will be. Not so long ago technology seemed a fairly un-challenging and easily understood fixed asset of the public relations industry and corporate communications in as much as the then existing media channels were reasonably permanent and well understood. They had, in short, become an integral part of the world view in which we went about our business and practitioners knew where people found their information, and through that, could determine their strengths and weaknesses, how to reach them and get the best out of a given situation.

The digital age, however, has brought something entirely and categorically different. It is potentially much more dangerous and certainly more awkward for organisations to deal with since it has empowered the individual at the expense of the collective or corporate voice. It is also fast. Before we can even sit down to think about it, any given situation will have evolved into something even more complex and, more likely, impossible to control. So, where does that leave us?

Intelligence, intuition and research must be the key to tracking the chaotic and fragmented world of communications. This requires investment. There is only limited evidence that corporations are gearing up for the new thinking that will be demanded of them. The people “reading the world” for the organisation, must be on a par with those speaking and writing about it, both digitally and culturally. And then they need to be much, much more besides, being able to find and communicate effectively with them, discern trends, anticipate consequences and successfully communicate all this to management. Is this happening on any meaningful scale? Our view is that it is not.

## Resourcing corporate radars

Practitioners are particularly alive to the notion that they must use “radars rather than loud-hailers” to communicate – the emphasis shifting from talking and transmitting to listening and receiving. This makes perfect sense but it must apply equally to internal, as to external, relations. In our view, we have seen insufficient evidence for this. The listening organisation is still some way off and practitioners are best placed to help CEOs focus on the communications value of valuing internal feedback.

## Greater alignment

Communications Directors, in line with CEOs views of the growing importance of public relations, are being given a wider remit which takes a more holistic view of the business and how it communicates with itself and the wider world. Often, however, they are being asked to achieve their objectives with smaller teams. Our view is that there needs to be greater alignment between demands and resource – and this includes working with agencies to form virtual “brand war rooms”. Since PR – communications – is now recognised as strategically important for the organisation, it makes sense for it to be resourced accordingly. Our view is that, in general, this has yet to happen.

## Integration in a fragmented world

Another key challenge facing organisations is how they can achieve consistency of messaging, of brand, across so many channels. There is no longer the option of targeting one audience in isolation – the internet has put stakeholders in touch with each other and we face a much better networked set of stakeholders than ever before. Communications planning simply has to take this into account. At the same time, ‘shot-gun messaging’ is not an option; we face a growing need for ‘segmentation’ and tailoring of messaging if we want to achieve cut-through in the information age.

## Regulators and language

Finally, is anyone taking the time to explain to the plethora of regulators that compliance with some of their demands – especially on the way critical aspects of reputational risk and corporate behaviour are communicated to stakeholders – may in fact be counterproductive in terms of generating, rather than diminishing, defensive and opaque language? The “Law of Unintended Consequences” may just be beginning to become apparent here.

## Conclusion

The upshot of these reports is that as Public Relations and corporate communications move more centre-stage, there is absolutely no room for complacency. Dealing with the challenges arising from digital technology is enough to guarantee that the future will be much more difficult and demanding than the past – but also much more exciting and rewarding.

In our view, Public Relations will go from strength-to-strength both in terms of its importance to the organisation and in the calibre of people who are attracted to it as a career. The likely future of Public Relations is that it stands every chance of playing the pivotal role in the success of the company of the future.



## Biographies of participants and thumbnail sketches of Companies

### Duncan Bonfield, Director of Corporate Affairs, BAA

As Group Director of Corporate Communications for BAA plc, Duncan manages a direct staff of 11 providing guidance and leadership on media issues to the Group as well as being responsible for the efficient organisation of corporate and public affairs and the delivery of its objectives. Part of his role is to earn external stakeholder trust by communicating BAA strategy clearly (thereby protecting and enhancing the company's reputation) as well as ensuring that share price index and bonds perform as well as possible.

Duncan is involved in various BAA management boards including the Finance Decisions Group and the Internet Steering Group.

BAA owns and operates seven UK airports – Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Aberdeen and Southampton.

BAA also currently operates in twelve international airports, four in the United States, six in Australia and one in Italy and one in Hungary. BAA also owns and operates the Heathrow Express, the rail link between Heathrow and Paddington train station.

### Dominic Cheetham, Head of Corporate Communications, Serco

Dominic joined Serco as Corporate Communications Director in April 2004.

Serco is one of the world's leading public services company that employs 34,000 employees around the world working in a diverse range of sectors including defence and aerospace, science, public transport and traffic management, health, education and justice.

Previously Dominic spent nearly ten years working in the utilities sector. He was the Communications Director at British Gas, part of Centrica plc, and Corporate Affairs Manager at Yorkshire Electricity Group plc.

Dominic began his working career as a journalist in Yorkshire, working in newspapers, radio and television. He now lives in Buckinghamshire and is married with two children.

### Thomas Coops, Communications Director, Abbey\*

Thomas Coops has been Communications Director of Abbey since March 2000 and is responsible for all strategic and tactical communication to the media, government and employees. He also has responsibility for all charitable and community activity and the Company's CSR Public relations programme. Married with 2 young children, he is an associate of the Chartered Institute of Secretaries and Administrators and a fellow of the Royal Society of Arts.

Abbey National plc (Abbey) is one of the UK's leading personal financial services companies. It is the largest bank that only focuses on UK personal financial services.

It offers a full range of personal financial services both direct and through intermediaries, to more than 18 million UK customers and expatriates.

The range of services includes mortgages and savings, bank accounts, loans and credit cards, long-term investments including pensions and unit trusts, life, critical illness and unemployment cover, and household insurance. It also provides business banking and offshore banking for expatriates.

\* Since the writing of this report, Thomas Coops has left Abbey

### **Nick Hindle, Head of Corporate Affairs, McDonalds**

Nick Hindle has been at McDonalds since 2002, his first in-house role. Previously he was at Phipps PR, and before that, at Countryside Communications for five years. His first job was at a firm in Rotherham, followed by stints at Grayling and Clarion Communications.

Since McDonald's opened its first restaurant in the UK in October 1974, the Golden Arches have become a familiar symbol, now seen on high streets, alongside major roads, in leisure and retail parks, and at airports.

By the end of 2004, there were 1,248 McDonald's restaurants serving the UK, representing a total investment in property and equipment of over £1.7 billion. The Company employed over 43,554 people and over 24,000 more were employed by McDonald's franchisees.

### **Howell James, Permanent Secretary, Government Communications**

Howell James started his working life in the media as Head of Promotions at Capital Radio. He was Head of Publicity at the launch of TVam, Britain's first commercial breakfast television channel. In 1984 he became Special Adviser to Lord Young in the Cabinet Office, and moved with him to the Department of Employment and Trade and Industry. In 1987 he joined the Board of Management of the BBC as Director of Corporate Affairs. Howell became Prime Minister John Major's Political Secretary in 1994. He was a Founding Partner and Director of Brown Lloyd James, a corporate public relations company from 1997-2004. He joined the Cabinet Office as Permanent Secretary, Government Communication in July 2004.

### **Paul Kafka, Director of Communications & Public Policy, London Stock Exchange**

Paul Kafka is responsible for the Exchange's public profile and policy, encompassing media and government relations, regulatory strategy, internal communications and corporate brand management. He also oversees the Exchange's broadcast and event facilities that make up the Media and Business Complex. A barrister by profession, Paul spent 6 years in banking and project finance before moving into financial public relations and communications, occupying senior positions at Dewe Rogerson, Security Pacific Hoare Govett, Nomura International and most recently as Executive Director, Head of Corporate Communications at Fidelity International.

### **Simon Lewis, Group Corporate Affairs Director, Vodafone**

Simon Lewis joined Vodafone as Group Corporate Affairs Director in November 2004.

Previously, he was Group Director of Communications and Public Policy for Centrica Plc. His previous role was Managing Director, Europe, in which he was responsible for Centrica's activities in continental Europe. Prior to that he was Director of Corporate Affairs for Centrica.

He was seconded to Buckingham Palace for two years as the first Communications Secretary to The Queen in 1998.

Previously, he was Director of Corporate Affairs at NatWest Group and Head of Public Relations at SG Warburg plc. He was president of the Institute of Public Relations in 1997 and was appointed an Honorary Professor at the Cardiff School of Journalism in 1999.

He was educated at Brasenose College, Oxford and was a Fulbright Scholar at the University of California at Berkeley in 1981. He is a UK Fulbright Commissioner and also a Trustee of the TreeHouse Trust.

### **Karen Myers, Director of Corporate Communications, IPC**

IPC Media, is the UK's leading consumer magazine publisher, with an unrivalled portfolio of brands, selling over 350 million copies each year. Its magazines reach over 70% of UK women and 50% of UK men - over 28 million UK adults. With more than 150 years of publishing heritage and now owned by Time Warner, IPC's diverse portfolio includes What's on TV, Now, Marie Claire, In Style, Woman & Home, Ideal Home, Loaded, NME, Nuts, Pick Me Up, Wallpaper\*, Country Life, The Field and Rugby World.

Karen Myers was appointed IPC Media's Director of Corporate Communications in February 2005 after a long career with the AA - some 21 years in two separate periods. Joining in 1983 as a Junior Assistant and traffic broadcaster, she rose through a number of roles. After a spell setting up an in-house Public Relations department for fashion company Boules, she returned to the AA in 1988 as regional Public Relations Manager for the South East and moved to a national role as Public Relations Manager for Road Services in 1989. In 1995, she was appointed Executive Assistant to the then Director General, Simon Dyer CBE. When the AA was acquired by Centrica in 1999 Karen, then Head of Public Relations, was appointed Head of Communications. In 2002 she was named Communications Director and was also responsible for two small businesses, AA Roadwatch and AA Signs. Karen is a graduate of the University of Exeter, holds the CAM Diploma and is a member of the CIPR. She is also a Trustee of Ben, the motor industry's benevolent fund.

### **Ian Ryder, Vice-President Brand and Communication, Unisys**

Ian is Vice-President, Global Strategic Programmes for Unisys Corporation. Ian was formerly Director, Global Brand Management for Hewlett-Packard Company in Palo Alto, USA and a graduate of IMD in Lausanne He has held senior marketing roles in several major technology companies and has provided independent brand strategy advice to many other companies inside and outside the technology industry.

International speaker across 4 continents, Chairman, Author and Lecturer on the subjects of brand strategy, reputation and customer management, and a Fellow of the Chartered Institute of Marketing, Ian has pioneered some breakthrough thinking in marketing and the role of such 'buzz' topics as CRM, CSR and Knowledge Management. Ian is a subject specialist reviewer for Harvard Business School Press, sits on the Advisory Board of Reading University and the UK Board of The Journal of Brand Management and is a non-executive adviser to the British Olympic Association. He is a Fellow of the RSA, Chairman of the Technology Industry Business Leaders Group for The Marketing Society and Chairman of the Conference Board's European Council on Customer Strategy. Ian is also a Freeman of the City of London and the Worshipful Company of Marketers. Author, co-author and contributor to many books and published works, his latest co-authored book released by Kogan Page is called "Beyond Branding". (See [www.beyond-branding.com](http://www.beyond-branding.com))

## Sir Stephen Sherbourne CBE, Former Chief of Staff to the Leader of the Opposition

Stephen has spent his career working in both politics and business.

He was Michael Howard's Chief of Staff from the day Michael Howard became Conservative Leader until earlier this Summer. He had previously worked for Margaret Thatcher at 10 Downing Street as Head of the Prime Minister's Political Office between 1983 and 1988. He returned to work for John Major in the successful 1992 general election.

Between 1988 and 2003, Stephen worked for the public relations company Bell Pottinger and its holding company Chime Communications where he was a main Board Director.

Early on in his career, Stephen worked in Hill Samuel, in the Conservative Research Department, for Edward Heath after he had resigned as Conservative Leader, for Gallaher Limited and then as Special Adviser to Patrick Jenkin in the Department of Industry.

## Luke Swanson, Director of Corporate Communication, Pearson

Luke Swanson is Director of Communications at Pearson, the publishing company that owns the Financial Times, Penguin and Pearson Education, the world's leading education company. He is responsible for Pearson's corporate reputation worldwide - covering communications, investor relations, internal communications, government relations and social responsibility.

Before joining Pearson he worked at Diageo in a number of communications roles including Head of Communications at UDV, its spirits and wine division. He was spokesman for Grand Metropolitan plc through its 1997 merger with Guinness plc to form Diageo - at that time, the UK's largest corporate merger.

He began his career in communications in the not-for-profit sector at Business in the Community, the UK's leading authority on Corporate Social Responsibility, and at The Prince's Trust.

## Ian Wright, Corporate Relations Director, Diageo

Ian Wright is Corporate Relations Director of Diageo plc, the world's leading premium drinks business. Diageo's brands include Johnnie Walker, Smirnoff and Guinness.

He leads a global team of 150 specialists. He is responsible for Diageo's reputation around the World and for its relationships with its corporate stakeholders.

Ian Wright joined Diageo in May 2000, having worked in senior communications roles for The Boots Company, including from 1997-2000 as Director of Communications at Boots the Chemists. Earlier in his career he was a Public Relations Consultant with Grayling and Golley Slater Brooker.

In 2001 Ian Wright was President of the Institute of Public Relations. He is an active Liberal Democrat. He was press spokesman for Paddy Ashdown in the 1997 General Election and 1999 European Election.

Ian Wright is married with two children. He lives in Rutland and London.

Also interviewed

Chris Rogers, Head of Corporate Affairs, Honda

Juliet Sychrava, Director of Corporate Communications, AMEC

## Authors' Biographies

### Kevin Murray



Kevin Murray is Chairman of the Bell Pottinger Group, the Public Relations Division of Chime Communications. The division comprises 22 companies, including Bell Pottinger, Good Relations, Harvard Public Relations, De Facto, Insight, Resonate and Ozone. Altogether, 350 people serving 600 clients. The Group is ranked number one in both the PR Week and Marketing League tables.

Kevin specialises in the field of strategic communications and reputation management and has years of experience advising chairmen and chief executives, as well as managing complex and global communications projects and departments. He has worked with clients such as BP, KPMG, BNFL, Stagecoach, Marconi, Emirates Airline, KLM, MFI, Vauxhall, BSi and British Gas.

Previously he was the Director of Communications for British Airways and, before that, Director of Corporate Affairs for AEA Technology, the international science and engineering business that was floated off from the United Kingdom Atomic Energy Authority.

Prior to AEA, Kevin was Group Public Relations Manager for Bayer companies in the UK. Bayer is one of the world's major chemicals-to-pharmaceuticals companies. He is also a former national newspaper journalist, magazine publisher and marketing director.

Contact details: Tel: 020 7861 2427 Email: [kmurray@bell-pottinger.co.uk](mailto:kmurray@bell-pottinger.co.uk)

### Jon White



Jon White is a consultant in management and organisation development, public affairs, public relations and corporate communications management, and has worked in public and private sector organisations in the United Kingdom, the United States, South Africa, Australia, and Canada. Clients have included companies such as Shell, Motorola, British Airways, National Express and AEA Technology, as well as governments in the UK, Canada and Norway.

Involved as a programme director at an early stage in university programmes in Canada and the United Kingdom aimed at building knowledge of public relations management practice, he is now a visiting fellow at the Henley Management College's School of Reputation and Relationships, as well as a Visiting Professor in Public Affairs at the University of Lugarno in Switzerland. He is also an Honorary Professor of Public Affairs in the University of Birmingham's School of Business and a Visiting Professor at the University of Central Lancashire at Preston, in the North-West of England.

He has written articles and books on public affairs, public relations and corporate communications practice, including *How to Understand and Manage Public Relations* (Business Books, 1991) and *Strategic Communications Management: Making Public Relations Work*, with Laura Mazur (Addison-Wesley, 1995). He contributed to *Excellence in Public Relations and Communications Management* (Lawrence Erlbaum and Associates, 1992) as part of a research team with James Grunig from the University of Maryland and others. He has also written a number of management case studies for teaching purposes on organisations such as Dunhill, Lloyds of London, AEA Technology, Diageo and the South African company, Barloworld.

He holds a Doctorate from the London School of Economics and Political Science, where he has also led seminars in corporate communication. He has made presentations to university and professional groups in the United States, Canada, Australia, China, Malaysia, Hong Kong, Singapore, France, Belgium, Denmark, Norway, Sweden, Austria, Germany, Slovenia, Macedonia, Spain, Nigeria, Zimbabwe and South Africa, as well as the United Kingdom and Ireland.

Contact details: Tel: 020 8340 4422 Email: [Drjonwhite@compuserve.com](mailto:Drjonwhite@compuserve.com)

## Bell Pottinger Group

Bell Pottinger Group companies exist to make our clients better known, better regarded and more successful.

We do this by putting the power of public relations to the task of influencing the opinions and behaviours of the people our clients depend on for success.

We believe that, in today's complex, fast-changing world, good relationships are the engines of success. How people perceive you will determine whether you win or lose.

In the Group we have more than 20 companies employing 350 talented, creative and well-connected people, who help clients to:-

- build great reputations, win more customers, increase sales and promote brands
- announce important results, win investor confidence, buy other businesses or prevent unwelcome takeovers
- be better understood and supported by the people in the media who report on them
- shape regulatory environments and lead important public debates that influence the markets those clients serve
- campaign to change national agendas
- make employees brand advocates wherever they go
- defend reputations, and recover from crisis situations

We either help clients communicate better with just one audience, or we put together teams with unrivalled experience to manage complex communications challenges. Our ethos is absolute client focus - client needs are our needs, no matter whether the client is a large multi-national, or a small start-up.

We know we can't help those clients if we don't understand their markets, their audiences and the unique challenges they are facing. So we make sure we do, and that we can provide insights and solutions that make a difference.

The Group comprises leading brands in the industry, including Bell Pottinger, Good Relations, Harvard, Insight, Resonate, Ozone and De Facto. Together, they serve more than 600 major

UK and international brands, as well as governments, government departments, charities, not-for-profit organisations, professional service firms and famous people.

The Bell Pottinger Group is No. 1 in both the PR Week and Marketing public relations consultancy league tables for the UK, and is part of Chime Communications, the UK's leading independent public relations, advertising and market research company.

**Find out how relevant we are to you**

**Visit [www.bell-pottinger.co.uk](http://www.bell-pottinger.co.uk).**

For copies please contact:

[akitson@chime.plc.uk](mailto:akitson@chime.plc.uk)

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