

COMMUNICATION DIRECTOR

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The unwritten contract

Building trust through
corporate governance

Hidden powers

Revealing the model
corporate citizen

Backing up vision with data

Tracing the evolution of
sustainability reporting

Complex solutions for complex problems

How corporate social
responsibility
drives growth



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Welcome,

Do you pay your bills on time, clean up after your dog and make sure old papers go straight into the recycling bin? Are you first in line at the polling booth, always ready to lend a helping hand to your neighbour and never slow to volunteer? Then congratulations, you're (probably) a model citizen. But what if "you" happen to be a corporation? What defines good behaviour when profit margins are your scale of reference? The concept of "corporate personhood" helps answer this.

Corporate personhood is the legal notion that a corporation shares some of the legal rights and responsibilities enjoyed by physical humans. Its growth as an idea in recent years raises important questions about what we can and can't expect from companies in terms of how they behave in society. Make no mistake, this is an important issue: as the must-see documentary *The Corporation* (2003) points out, 150 years ago, the business corporation was a relatively insignificant institution. But today, it is all-pervasive, replacing the Church, the monarchy and political movements in other times and places as today's dominant institution. As one of our Issue Focus articles explores in depth, corporations have extraordinary power and influence over our lives: it is up to us as individuals to guard against this imbalance of power and ask corporations to do more than pay lip service to corporate social responsibility and sustainability.

Communication leaders from companies as diverse as Vedanta, Ben & Jerry's and Coca Cola show how their corporate citizenship measures are more than skin-deep: we also look at how corporate governance helps companies earn their license to operate, and how corporate reporting has evolved to become a key communications tool that loudly affirms the corporation's ability to play a positive part in the local community. After all, isn't being a good neighbour what citizenship is all about?



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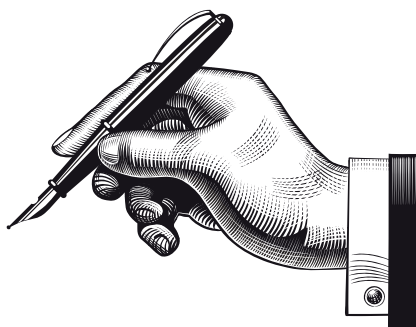
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Brands on screen



Product placement is advertising that arrives when you least expect it. The digital revolution has made it that much more pervasive

BY JAN WISNIEWSKI

Have you ever walked out of the cinema with a burning desire to buy something? Or maybe wondered why your favourite television characters prefer a certain brand of cereal? This could be a result of product placement – the (in)famous marketing technique that has inspired many an internet listicle detailing its most sore-thumb moments. Despite its sometimes unwelcome intrusion into our viewing habits, product placement grew to become an \$8.25 billion industry in 2012. Not bad when you consider that many such deals are arranged using a no-money-exchanged barter agreement.

And now the digital revolution has brought about a change in the nature of product placement that may see it become more ubiquitous than ever before in its colourful history.

Big business

This success led to a change in the practice in the 1980s and 1990s. According to Leo Kivijarv, “brands would hire placement agencies like AIM productions to negotiate product placements when prop personnel would reach out for products to fit the script.” This created lucrative deals between brands and Hollywood blockbuster films eventually led to products being written into the scripts of our favourite sitcoms.

The rise of reality television saw savvy producers save on production costs by lodging products firmly into the narratives of the programmes. Donald Trump raised the price of paid placements by having entire episodes revolve around the product on *The Apprentice*. This culminated in the late 2000s with a more professional approach than before from

companies. Says Leo: “Brands were opening up branded entertainment divisions in Hollywood to be close to film and television producers.”

Product placement around the world

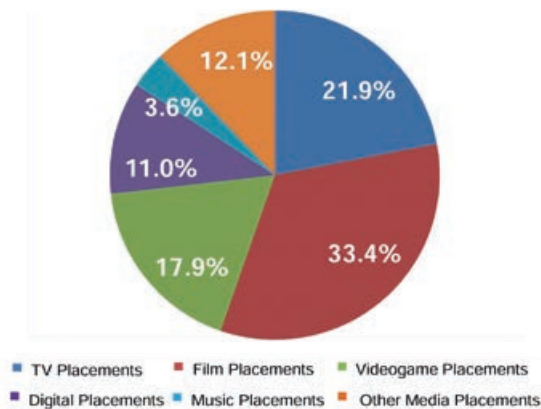
While there has been a boom period for product placement in the USA from the 1980s, the technique was not as prolific in Europe, partly due to restrictions implemented by governing bodies. Leo Kivijarv explains: “During this entire period from 1985 to 2010, the western European television market was void of legal paid product placements as a result of the European Commission forbidding such practices.” However, in recent years the restrictions were lifted and this has led to a surge in product placement. “The

According to Leo Kivijarv of marketing research group PQ media, branded media first appeared in creative content more than 200 years ago. As he told Communication Director: “The first known product placement occurred in Japan in 1797 when comic books included references to a tobacco shop owned by the family of the comic’s artist. It was used periodically during the 19th century, including Charles Dickens drawings in books that referenced a local pub and Guinness beer.” The first promotional placement of a product on the big screen came at one of the earliest points in cinema history when the Lumière brothers created a paid placement for Sunlight Soap called *Washing Day In Switzerland*.

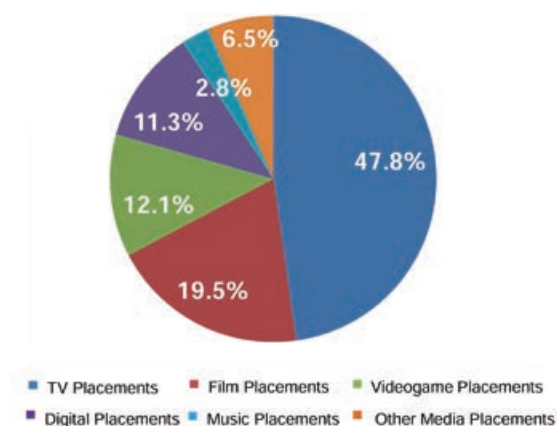
For more than 80 years, informal agreements between companies and Hollywood studios existed, with big stars used to endorse products that were given television and film screen time.

However it was not until a film about a certain lost extraterrestrial appeared in 1982 that product placement became established practice. Hershey’s Reese’s Pieces were seen on screen as the favourite snack of E.T and, as Leo explains, sales rose dramatically: “Those who follow the candy industry estimate a run from the low end of 65 per cent to the high end of 300 per cent, although most estimate about an 85 to 120 per cent rise.”

European Product Placement by Channel in 2014



Asia Pacific Product Placement by Channel in 2014



PQ Media
Global Branded
Entertainment
Marketing Forecast
2015-19

2008 Great Recession placed burdens on market economies that had supported the film industry, particularly in Italy. As a result, some countries passed laws that provided incentives and tax cuts if brand would support the production costs of films that the country could no longer supply fund,” says Leo.

The Asia-Pacific region has long been a prolific producer of film and television. However until recently the use of product placement was not common practice there. Whereas in Europe regulations acted as a barrier against the spread of the marketing technique, the same could also be said of South Korea and China because of long-standing media censorship. However, it was cultural expectations in Asia-Pacific that truly blocked the widespread implementation of the technique, with cultural mores putting pressure on producers to avoid promoting products in content. As Leo points out: “For example, India produces more films than any country in the world, but for decades there were no product placements in those films. In Japan, most placements were barter arrangements in which primarily transportation firms would provide travel and arrangements in exchange for a placement the film, such as airlines, hotels and automobile manufacturers. Additionally, these brands stated that the brand had to be used in a positive manner, thus it was not uncommon for the automobile model driven by the police to be from the brand providing the bartered transportation, while the car being driven by thief was a competitor’s model which often be involved in an accident.”

However, such resistance lessened due to the rapid rise in internet penetration, in which many in th region first became exposed to product placements by viewing videos online. Revenues have risen steeply in recent years as cultural restrictions lessened, making product placements acceptable, primarily due to a growing middle class with no biases, which led to more product placement practitioners entering a market. Leo adds: “More and more television shows

“The traditional giants of product placement continue to create the most revenue despite the rapid rise of the other modern methods.”

and films are being distributed outside a country’s border, particularly after the success of the co-produced *Slumdog Millionaire*. Brands within a country increasingly used product placements as a way to gain market share in another nation, such as a Chinese brand in a movie that gets distributed in South Korea.”

Post digital

Advances in technology and the shift away from analogue media have also driven new opportunities for product placement in recent years. Professor Vildan Karisik of the management department at Fatih University in Turkey explained to Communication Director that technologically-driven changes in product placement began with a spike in product placement in television. “Product placement on television was rapidly adopted,” she says. “The introduction of the digital video recorders, which are blamed for decreasing the effectiveness

THE FIRST FILM PLACEMENT

Just a few months after exhibiting the world’s first public film screening the basement lounge of the Grand Café in Paris in late 1895, the Lumière brothers showed *Washing Day* in Switzerland – a short, silent film depicting women going about the washing alongside crates displaying the Sunlight Soap logo in the foreground. Through a deal with Swiss businessman Francois Henri Lavanchy-Clarke of UK company Lever Brothers, the idea of product placement in film was born. The Lumière brothers were rewarded with decreased production costs and Lever Brothers were provided with promotion on the silver screen.

of traditional commercials, have encouraged advertisers to constantly search for viable alternatives. Product placement offers an alternative with several advantages over the venerable 30-second commercial.”

However beyond the advent of DVRs, multimedia content is now available across numerous digital and online platforms, creating widely-diversified audiences, ready to be targeted with brand placements.

Leo Kivijarv identifies the development of product placement in emerging media. This not only saw the rise of musicians such as Lady Gaga paying for most of their Youtube music videos through product placement deals but also the establishment of advergaming. Says Leo: “The growth rate for videogame product placement rises and falls in line with the introduction of new console upgrades, such as the Xbox One and PlayStation4 in 2013, and the accompanying titles for the new consoles.” This potentially lucrative new channel for product placement

is either implemented by placing in-game advertisements into gameplay – known as billboarding, or by having game characters use branded products to progress through the game – known as utilisation.

Most recently digital product placement has come to the fore, a post-production technique pioneered by US company MirriAd that sees placement added not only to new content but to older media being viewed as reruns or on digital channels. According to Leo: “Where it becomes a digital placement is when a company like MirriAd virally puts a product placement in a television programme or film when it was not there in the original form, like a Pepsi vending machine that Arnold Schwarzenegger passes in Terminator.”

MirriAd markets itself as “advertising for the skip generation” and the popularity of its service means there is a large chance we will see new additions to classic film and television, and differences in placement across regions.

E.T. LOVES REESE'S PIECES

Hershey introduced Reese's Pieces onto the market just three months before their appearance on film as E.T.'s sweet of choice. Mars were originally contacted with the suggestion that M&Ms could be featured, but a no was the response. When the producers of the film turned to Hershey, marketing executive Jack Dowd agreed to spend one million for promotion on the film in exchange for the screen time. The film struck a chord and Reese's Pieces were the benefactor, and thus came the dawning of modern product placement.

Is it effective?

Product placement has become a profitable and prolific industry, but is it really that easy to turn viewers into consumers? Measuring product placement efficacy often involves testing brand recall and attitudes towards brands after interacting with media. This has led to mixed findings that often depend on the measurement type adopted and the design of the experiment.

Most recently Professor Karisik tested product placement efficacy on audiences. When it comes to product placement on a traditional media platform like television, she found that combining these placements with traditional television advertisements can lead to positive attitudes towards these brands. However she warns that the use of post-production digital product placement may not lead to favourable consumer attitudes. “They create high stress and confusion because the watching experience of the audience or consumer is interrupted and he or she tries to articulate what and why there is a brand or product appearing all of a sudden,” she explains.

BLOCKBUSTERS

Some of product placement's biggest triumphs have come through cooperation with Hollywood. Professor Vildan Karisik of Fatih University gives the example of the surge in popularity of Ray-Ban Wayfarers as worn by Tom Cruise in 1983's Risky Business or of the reported 50 per cent increase in Omega watch sales after Pierce Brosnan donned one as James Bond in 1995's Golden Eye. In 2003 BMW provided 32 custom-built Minis for the remake of The Italian Job. By 2004, the model was out of stock in the USA.

THE REALITY

Reality television provided another platform for product placement. Leo Kivijarv of PQ Media describes Mark Burnett as the pioneer in this area. Looking to produce his new show Survivor on the lowest possible budget to appease studio executives, he provided branded products as prizes for challenge winners in every episode. As Professor Karisik notes, this practise is not often subtle, pointing to the blatancy of American Idol, which had 577 product placements across its 2011 run alone.

The future

Despite the academic uncertainty over whether or not product placement is a reliable way to get people to buy, brands look certain to continue to use it.

Looking ahead Leo says that the traditional giants of product placement continue to create the most revenue despite the rapid rise of the other modern methods. “Digital placement's growth rate might be rising at a more rapid rate than television placements, but the television industry actually generated more than twice the organic growth in dollars than digital placements,” he explains.

No matter how you look at it, product placement continues to grow across all platforms available. So whether or not we media consumers like it or not, we are more likely than ever to see branded content inserted into what we are watching or playing. So why not turn on your tablet, fire up the Netflix app, relive the magic of E.T. and snack down on some Reese's Pieces. ●



What were the global charity and NGO campaigns that captured the public's hearts and imaginations over the last 35 years? These are the events that have raised thousands in funds and driven awareness for some of the world's most critical issues.



“ War Child first worked with music in 1995 with the HELP! Album. Recorded in just 24 hours, the album captured the Britpop zeitgeist perfectly, with contributions from Oasis, Blur, Radiohead, The Stone Roses, Portishead, The Manics and Massive Attack. Plus contributions from Paul McCartney and Paul Weller (not to mention Johnny Depp and Kate Moss). It was a response to the plight of the thousands of families caught up in the bloody Balkans war that was tearing Bosnia apart. The need for humanitarian aid was urgent so the Help project's response needed to be too. It drew its inspiration from John Lennon

– when he released his Instant Karma single in February 1970, he said records should be like newspapers, reflecting events as they are happening: “The best record you can make, is recorded on Monday, cut on Tuesday, pressed up on Wednesday, packaged on Thursday, distributed on Friday, in the shops on Saturday.” As ideas go it fitted the brief rather nicely.” – Gemma Cropper, Public Relations and Artist Liaison Manager, War Child

LIVE AID

- 1985-2005
- Relief for Ethiopian famine
- Organised by Bob Geldof and Midge Ure
- Prominent musicians included Led Zeppelin, Bob Dylan, Madonna, Sting, Paul McCartney
- Satellite coverage worldwide (BBC, MTV, ABC)
- £150m has been raised for famine relief as a direct result of the concerts

Billed as the “global jukebox”, the event was held simultaneously at Wembley Stadium in London, UK (attended by 72,000 people) and John F. Kennedy Stadium in Philadelphia, US (attended by about 100,000 people).

THE HELP ALBUM BY WAR CHILD

- Original album in 1995 with follow-ups in 2002, 2003, 2005 and 2009
- Aid to war-stricken areas
- Organised by British filmmakers Bill Leeson and David Wilson
- Featured musicians in 1995 included Brian Eno, Paul McCartney, Paul Weller, Oasis and Radiohead
- UK hit album
- The Help Album raised more than £1.25 million

War Child has produced a series of albums featuring popular musicians ever since 1995 when its first album, The Help Album, raised funds for the charity's aid efforts in Bosnia and Herzegovina.





“People are an integral part of climate change, from causing it to suffering from it, and also as drivers of climate action themselves. Yet, climate conversations often relegate people to the sidelines. This is why we need people-powered movements like WWF’s Earth Hour, which make climate change, our planet’s biggest environmental challenge yet, relatable, understandable and relevant to all. Be it fighting deforestation in Uganda or driving efforts to stop Arctic drilling in Russia and save biodiversity hotspots in Australia and Colombia, Earth Hour mobilises individuals, communities, companies and governments in more than 170 countries and territories to harness the power of the crowd and change climate

change. From changing individual behaviours to changing national legislation, Earth Hour shows us the impact individuals can create when they unite for a cause.” – Sid Das, Executive Director, Earth Hour Global

SUN CITY ALBUM BY ARTISTS UNITED AGAINST APARTHEID

- 1985
- Protest against apartheid
- Organised by musicians Steven Van Zandt and Arthur Baker
- Featured musicians included Afrika Bambaata, Bob Dylan, Hall & Oates, Lou Reed, Bruce Springsteen, Bobby Womack and U2
- Produced a top 10 single in Australia, Canada and the UK
- The album raised over US \$1 million

Artists United Against Apartheid was a 1985 protest group founded by Steven Van Zandt and record producer Arthur Baker in protest against apartheid in South Africa. The group produced the track Sun City and an album of the same name.



EARTH HOUR

- 2007 onwards
- Raising awareness for climate change
- Created by WWF and Leo Burnett
- Over 200 ambassadors including Nelson Mandela, Miranda Kerr, Sachin Tendulkar, Lionel Messi, Ban Ki-moon, Kumi Naidoo and Al Gore
- Over 170 countries and territories involved
- \$61,487 crowdfunded through Earth Hour Blue in 2014 and 247,000 signatures collected in 2015

Earth Hour began as a lights-off event in Sydney, Australia in 2007. Since then it has spread to more than 172 countries and territories worldwide. It is a crowd-based movement that has raised money and achieved legislation change relating to environmental policy.



Photo: Private (2)

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“ Movember started with a conversation between mates and so there is a nice synergy to the fact that, today, conversation and mates are central to everything Movember does; it’s just a bigger conversation. That one conversation back in 2003 has grown into billions, taking place each Movember around the world. The moustache effectively turns men into walking talking billboards for men’s health. As a result of last year’s campaign, an estimated 1.7 billion conversations, both online and face-to-face, were had by the Movember community. All too often it’s the funds raised by a charity that are remembered but equally important is the awareness generated. It is awareness that educates and

prompts people to change behaviour and take action; this is changing and saving lives today.” – Mark Fewell, Head of Market Development, Movember

MOVEMBER

- 2003 onwards
- Assists men’s health projects
- Founded by Travis Garone and Luke Slattery
- Past ambassadors include Stephen Fry, Mick Fanning, Theo Walcott, Snoop Dog, Bear Grylls, Andrew Symonds among others
- Annual campaigns held across the world
- Has raised over AUD\$ 650 million since 2003 with more worldwide

Since 2004, the Movember Foundation has organised events to raise awareness and funds for men’s health issues, such as prostate cancer and depression, in Australia and New Zealand. It has since spread to countries such as Ireland, Germany, South Africa, Israel, Czech Republic, El Salvador and the USA



ICE BUCKET CHALLENGE BY THE ALS ASSOCIATION

- Peaked in popularity between June and September 2015
- Goal to raise money for Amyotrophic lateral sclerosis (AKA Lou Gehrig’s disease)
- Created by the ALS Association
- The most popular videos came from Justin Bieber, Taylor Swift, Bill Gates, Jimmy Fallon and Robert Downey Jr
- Over two million videos were shared via Facebook from June 1 to August 17 with over two million more on YouTube by the end of August
- Over \$220 million has been raised

The challenge involved dumping a bucket of ice water on the head of yourself or someone else and then nominating someone else to participate and donate to the ALS Association. It went viral across the USA and then the world in mid-2014.





People
are talking
about you

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“ One of the key things that made #nomakeupselfie so popular was its simplicity. It was clear what you had to do, it didn't require much effort and anyone could do it. It was also good fun. Which is why we decided to get involved and tweet our own #nomakeupselfie alongside our text to donate code, offering an equally simple and easy way for people to make a donation. The nomination element also ensured that it spread. Once you were nominated you couldn't really say no, it was too compelling; especially once people started doing it to raise money for Cancer Research UK. We noticed at that point that a lot of people were posting their selfie along with a screengrab of their donation, people were proud to be part of something positive and exciting. Finally, the speed at which it grew meant that it became impossible to avoid. Everyone was talking about it. And underneath all of this, cancer is something

that affects so many people.” – Anthony Newman, Director of Brand, Marketing and Communications, Cancer Research UK

#NOMAKEUPSELFIE BY CANCER RESEARCH UK

- Peaked in popularity between 18 March and 26 March 2014
- Aaised money for Cancer Research
- An organic internet trend that was adopted by the Cancer Research UK
- Celebrity participants included Beyoncé, Carrie Underwood, Sofie Vergara, Kylie Jenner and Tyra Banks
- Attracted wide coverage in UK news and celebrity websites
- £8 million was raised in six days

The no-makeup selfie began when women posted pictures of themselves without makeup on Twitter and Facebook and urged their friends to do the same. The theme soon became cancer awareness, with women posting selfies of pledged donations.



PRODUCT RED BY ONE

- 2006 onwards
- Raising awareness and funds for the elimination of HIV/AIDS in Africa
- Founded by Bono and Bobby Shriver
- Participating brands include Nike, GAP and Apple
- So far it has generated over \$150 million for HIV/AIDS programs in Africa

A licensed brand that seeks to engage the private sector in raising awareness and funds to help eliminate HIV/AIDS in Africa. A portion of the contributions received from the partner brands is assigned as profit as Product Red is an amalgamation of humanitarian aid and for-profit businesses.



Photo: John Nicholson; www.thinkstock.com; Private

It's a challenging time for your business

Social attitudes are shifting: Employees expect more information. Regulators' priorities are changing and investors are demanding transparency. Digital is transforming how your stakeholders engage with you.

Your job has got more complicated

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Business Development Director

T +44 (0)20 7815 2035
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BAND AID

- 1984 with incarnations in 2004 and 2014
- Anti-poverty efforts in Ethiopia (later Darfur and the Ebola crisis)
- Organised by Bob Geldof, Paula Yates, Midge Ure
- Various UK and Irish Pop stars participated in the original record such as U2, Boomtown Rats, Bananarama, Spandau Ballet, Wham! and Duran Duran
- Received worldwide coverage with Do They Know It's Christmas going to the top of the UK charts and charting around Europe and in Australia and New Zealand
- Over US\$24,000,000 was raised

Band Aid was a charity supergroup featuring mainly British and Irish musicians. It was founded to raise money for anti-poverty efforts in Ethiopia by releasing the song Do They Know It's Christmas? for the Christmas market that year. Singles were recorded in 2004 and 2014 by new artists

RED NOSE DAY BY COMIC RELIEF

- 1988 onwards
- Originally aimed at aid Ethiopian famine but now includes aid to wider groups of disadvantaged people
- Organised by Lenny Henry
- A number of British celebrities have appeared in the annual telethon
- BBC live broadcast bi-annually on RND
- £1,047,083,706 has been raised so far (combined with various Comic Relief initiatives)

The biennial telethon held in March alternates with sister project Sport Relief and aims to bring about positive and lasting change in the lives of poor and disadvantaged people. Similar events are now held in other countries including the US, Australia, Germany and Russia.



Lack of Employee Engagement is Killing Your Bottom Line

How companies and executives are embracing technology to drive engagement



From inboxes to outdated intranets, technology has inundated business leaders with more information than ever before. The key to success? Engaging in company conversations without getting overwhelmed. Find out how embracing technology can lead the way to employee engagement and higher productivity.

Social Intranets Save You Time



Finding answers in real-time



Creating a searchable record of knowledge



Posting to eliminate multiple email threads



“Leaders can use a wide array of digital channels—such as broadcast, web, video, and social networks—to generate continuous two-way communication at scale.”

—The Digital Advantage: How digital leaders outperform their peers in every industry (Capgemini Consulting and the MIT Center for Digital Business)

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Seeing in the dark

Headline-grabbing scandals can cause massive damage: a deposed CEO, a replaced communications head or billions of euros lost. But how to anticipate reputational risks – or even avoid them – before a crisis hits?

BY PHIL RIGGINS

“H

ow could they have been so stupid?” If we’re honest with ourselves, we often think this when we hear about a crisis hitting an organisation. The next question is: “Who knew and for how long? Was it a team of renegade employees or did it go all the way to the top?” A big crisis can topple the CEO, finish the career of the head of corporate communications and ratchet up damages in the billions. As for the long term reputational damage, that is a moving figure.

From the outside looking in, it is easy to be judgemental. In today’s business world, the response to a crisis is that senior leadership should have seen it coming. But there’s one question that rarely gets asked and it is critical for corporate communicators to consider: *could* they have seen it coming? Is it within the power of organisations to look around corners and see in the dark, to spot and remove reputation risks before they cause massive destruction of shareholder value and damage to society? Perhaps we shouldn’t expect this type of future vision; these days we do.

Increasingly, Europe’s communications professionals are being asked to help their organisations identify reputational risks *before* they strike. A recent Brunswick Insight/EACD survey of senior in-house communicators across Europe found that nearly nine in 10 (87 per cent) expected identifying and addressing reputation risks before they harm the business to be a major focus of their work.

However, for the majority of these same communicators (55 per cent), identifying emerging issues remains a significant challenge for their organisation and four in 10 (42 per cent) are concerned that their organisation is not prepared for a crisis.¹

A typical annual report of a large multinational company suggests it is doing and saying all it needs to when it comes to risk management. Companies routinely identify risk management as very important and give detailed descriptions of their best practice for risk identification and management. They promote the value of their reputation

“Is it within the power of organisations to look around corners and see in the dark, to spot and remove reputation risks before they cause massive destruction?”

and regard it as an asset. They are “continually” doing more to strengthen trust, tighten risk management procedures and demonstrate transparency. If, with all of these ideals and safeguards in place, catastrophic reputation crises can still break, what is the lesson for senior in-house communicators? The task is hopeless... so just give up? Clearly, that is not an option. Society will only expect business to try harder. So what tools and techniques are communications professionals using to proactively manage reputation and horizon scan for emerging risks?

Most large corporations have a risk committee or audit and compliance committee that is responsible for identifying and addressing risks of all types, including risks to reputation. But until recently, reputation was behind other types of risks considered. That must and will change. Brunswick Insight’s research found that most (84 per cent) senior in-house communicators say corporate reputation is of increasing importance to senior leadership. Other evidence from Deloitte surveys of senior executives around the world in 2013 and 2014 shows that reputation damage was considered the number one risk concern, and nine in 10 (88 per cent) were explicitly focused on reputation risk as a key business challenge.²

Defining reputation risk

The first step in effective reputation risk management is to clearly define what we mean by “reputation risk”. General business risk tends to fall into one of three categories: operational risks that go with the day-to-day running of the business (including product quality/safety, supply chain, finance, and compliance) and which are supposed to be under the company’s control; strategic risks that a company assumes in order to try and beat the competition; and external risks that are due to events beyond the control of the organisation. Reputational risk can fall into any of these three categories.

One useful way to define reputation risk is as the risk of loss resulting from damages to a firm's reputation. The loss could be lost revenue, increased operating, capital or regulatory costs, or destruction of shareholder value.³ Reputational risks tend to occur when: 1) there is a gap between a company's reputation and the reality of the firm, 2) there are changes in social beliefs or expectations, or 3) the company exhibits poor control over its operational risks.⁴ Gaps between perception and reality occur when a company's reputation with its stakeholders is very positive but the actual character or behaviour of the company doesn't live up to those perceptions. These gaps create very real risks to reputation. Should this underperformance and failure to live up to expectations become known, reputational damage is the result. However, it is possible that the perception gap works in the other direction – when reputation is worse than actual character or behaviour deserve (e.g. the company may be meeting or exceeding expectations but stakeholders are not aware of it). Reputation gap risks in either direction can cause real value destruction for a company – and can and should be managed, either by changing behaviour, more effective communications, or both.

Also, societal beliefs and stakeholder expectations shift over time. Practices that were once acceptable may suddenly be reputational risks as social norms and behaviours change. Whether the issue is the use of palm oil in consumer products, the number of women on boards, or aggressive tax minimisation arrangements, stakeholders may condemn what was once considered acceptable. The best way to stay ahead of this type of risk is to closely monitor stakeholder expectations and factor them into company behaviour, engagement and communications.

Finally, poor organisational control and coordination can lead to situations where one part of the business is working to address stakeholder expectations (e.g. agreeing to stop certain marketing practices related to the sale of infant formula

in developing markets) while other parts of the company continue the practices, either because they were not aware of the change or because they chose to ignore them. Individual employees can also go rogue and act in ways that are inconsistent with a company's stated values (e.g. saying something inappropriate on Twitter) or illegal (e.g. conspiring to manipulate Libor rates). Either way, the result can be severe reputation damage for the company. The phenomenon of data permanence only compounds this risk. Because nearly every email, text message or social media post we create basically lives forever once we hit send, companies are at perpetual reputational risk from employees' electronic communication. While reputation risk due to poor organisational control is preventable with clear-

er guidance, stronger culture and ready punishment for transgression, managing this type of risk is difficult for large, geographically diverse organisations.

EXECUTIVE SUMMARY

- **Companies are increasingly recognising the importance of reputation risk.**
 - **They are putting in place structures, such as dedicated committees and leaders, and comprehensive systems to map, track and manage reputational risk.**
 - **Crises will still occur, therefore, communications professionals need to help their organisations prepare to deal with them quickly, transparently and effectively.**
-

What are companies doing to identify and manage reputation risk?

Even with the best policies, practices and systems in the world, it is impossible to eradicate all reputation risk and crises. That's why crisis response preparation will remain an important part of the reputation risk management toolkit. Nevertheless, companies are making structural/cultural and system changes, to identify and manage reputation risk. These include:

I

Dedicated reputation risk committees: While many large banks and other financial institutions have separate reputation risk committees with clearly articulated risk frameworks and who report directly to the board and CEO (a reaction to the financial crisis and resulting reputation damage), most companies still tuck reputation risk into their general audit and risk committee or someplace similar. Best practice requires giving reputation risk the attention it deserves – including a voice in assessing the firm's appetite for strategic risks. Companies such as Barclays Bank are putting the assessment of reputation risk at the heart of their risk management approaches, particularly when considering new strategies. Reto Kohler, head of strategy at Barclays Investment Bank says:

Now our risk framework quite explicitly demands evidence that when we're thinking about a new strategy or whatever it may be, that conduct and reputation risk be taken into account. [Deloitte 2014: Reputation Risk Survey]

5

Programmes and campaigns to mitigate operational reputation risks.

More and more companies are realising that putting up posters spelling out their mission, vision and values is not enough to inoculate themselves against charges that they could have done more to avoid a crisis. The current emphasis is on employee engagement campaigns that help educate and internalise the desired behaviour among staff. Should a crisis occur, these more interactive programmes help to demonstrate that the firm proactively did all that it could to anticipate and address this type of risk.

2

Creation of a chief risk officer with responsibility for reputation risk

who reports directly to the board or CEO. While the CEO has ultimate responsibility for the reputation of the company, day-to-day oversight of reputation management by the CEO is not realistic. Having a CRO with CEO support is a powerful and necessary alternative.

3

Mapping and tracking of all sources of reputational risk.

Whether done internally, externally or in collaboration with expert advisors, companies are putting in place systems and approaches for mapping and tracking reputational risks wherever they may arise, including early warning of social media reputation risks. Real-time risk intelligence and early warning systems can generate mountains of data. Separating what matters from the noise isn't easy and can't be reliably automated. Making sense of this data and getting it into the organisation in a timely way requires both skilled human analysis as well as easy-to-understand dashboards and other data visualisation tools.

4

Surveys of stakeholders/consumers

to understand their concerns and expectations, as well as to identify issues on their radar. As reputational risks are by definition derived from stakeholders concerns and expectations, it is only logical that companies should periodically or continuously listen to these business critical audiences. The result of this work is often a detailed engagement strategy to increase alignment between how stakeholders perceive the company and how the company wants to be perceived.



PHIL RIGGINS
Partner, Brunswick Group

Phil Riggins leads Brunswick's Insight practice in EMEA. His work focuses on helping clients communicate and engage with their audiences and stakeholders to build strong reputations and brands. Over the years, he has consulted on reputation, brand, issue management, message development and thought leadership for multinational corporations, national governments, political figures, intergovernmental organisations, non-profits and industry associations. Prior to joining Brunswick in 2011, Phil created and led insight and opinion research practices in Europe, the Middle East and Africa for Weber Shandwick and APCO.

Conclusion

It takes time to repair reputation damage and restore lost trust. Unethical or illegal behaviour is never acceptable – but is often unpredictable. It is impossible for any company to know everything everywhere. And while it is great to have whistle blower systems to enable reporting of bad behaviour, no system is perfect. What's needed in this age of transparency and always-on social media conversation (where little stays secret for long) is a composite strategy for managing reputation risk.

Each element of the strategy must work together to ensure that the company is best placed to identify, qualify and respond to risks before they become crises. Critical to an effective strategy is acceptance of and preparation for the crisis that could come at any moment – best practice here includes putting in place crisis communications procedures, and running regular simulation exercises and drills to stay sharp and up-to-date for all eventualities.

Senior in-house communicators can and should help their organisations implement a comprehensive reputation risk management strategy. Their position in the organisation gives them a unique vantage point for identifying and managing reputation risks, as well as for preparing answers and navigating the crisis if the lights do go out. ●

- 1 Brunswick Insight/EACD, "Future of Corporate Communications: Cutting Through the Noise, Survey of Senior European Communicators" (June 2015)
- 2 DeLoitte Surveys on Reputation Risk, 2013 and 2014
- 3 Wikipedia
- 4 Harvard Business Review, "Reputation and Its Risks", Robert G. Eccles, Scott C. Newquist, Roland Schatz (February 2007)



AN AMERICAN ICON IN CHINA

BY JESSICA LEE

Translating a brand
– even one of the world’s
most ubiquitous –
requires more than just
language skills.

Such impudent curiosity towards western symbols is not unusual in China. For the record, Ronald is simply a clown, he is not a mascot. Even after 25 years of our first restaurant in China, the need to explain to Chinese consumers everything from our Big Mac to our business model is more pertinent than ever as the company opens more restaurants. China is the third largest market in McDonald’s in restaurant units, but even at 2,200 restaurants we are only 15 per cent of the US market.

In 1990, when McDonald’s opened in Shenzhen, it was enough to be western and present. We made western culture accessible through the novelty of burgers, fries, milk shakes and self-service. Today, seven out of 10 Chinese recognise the golden arches. That’s nearly a billion people or three times the size of the US population. However, competition has

leveled China’s playing field and an urbanised, tech-savvy post-90s generation has its own view of cool.

In customer focus groups and surveys, there is no ambiguity in responses that McDonald’s sells hamburgers and fries and that it is a place where parents buy Happy Meals, ice cream cones and nuggets for their children. However beyond that, you’d be hard pressed to find these respondents name the Big Mac or the Apple Pie.

S

hanghai. 26 degrees and an unusually blue sky in September: Ronald McDonald was performing on stage with friends Grimace, Birdie and Hamburglar at McDonald’s annual McHappy Day Run. A Chinese boy of six demanded, “Who is he? Why can’t I see his face?!” We explained that Ronald is our chief happiness officer and he is a clown. “That’s impossible! What is a clown?” Our young friend was confused but determined to see Ronald’s face.

Five ways to cut through cross-culture communications

Despite decades of globalisation, I still witness callous assumptions and generalisations of local operating environments. Truth be told, it is not just a cultural issue, it is philosophical and political. As China accelerates its reforms and applies its rule of law, foreign companies must be ultra-sensitive to the way they position everything.

From a communications perspective, when we translate anything from English not only do we lose language but we also lose true intent and corporate culture. The reverse can be worse.

Apart from language and concepts, China's media environment itself is politically and operationally challenging. China has some 17,000 print, radio and television media outlets hardwired by firewalls and censorship. On top of that, it is very fragmented with a lot of inefficiencies in advertising buys which makes promotion campaigns in China complex and expensive.

This is a key reason that drives companies to turn to word-of-mouth marketing in this country. After all, for every Facebook, YouTube, Instagram or Twitter that is blocked, the same-but-different versions are available in China. With thousands of media and social platforms, content is the emperor; and the mastery of this phenomenal landscape with its connectors, pundits and influencers is critical. While each industry will have its own unique communication strategy, I suggest they could incorporate the following five areas:

I. Use social media to unlock brand culture

Social media is exploding in China. The number of users across China's top 10 social media platforms is a staggering

four billion. 70 per cent of Chinese social media users are under the age of 35 and they spend more than 90 minutes per day on social networks. More than 60 per cent of rural digital consumers are on e-commerce, just as active as urbanites in China. At first glance, social media may appear complex in China but there's no need to be fazed.

The average Chinese female netizen uses a variety of social media platforms: typically, she has a microblog and three to four messaging apps and has multi apps from shopping to video streaming. In her world, the bricks and mortar of shops are irrelevant. Whether it is Zara or adidas, she is browsing virtual shop fronts on Tmall.com, one of China's most popular businesses to consumer e-commerce websites.

“When we translate anything from English not only do we lose language but we also lose true intent and corporate culture.”

It is no wonder that despite China's recent economic softness, retail sales still grew 10.4 per cent in August 2015; and e-commerce grew at twice that rate. You could say that Chinese consumers are living online. In 2012, McDonald's China took its delivery service online and in 2013, we launched a mobile delivery app. Our online traffic is growing at double-digit percentage points and to grow beyond our current delivery capacity, we now have to expand to third-party food delivery platforms.

With this phenomenal digital traffic, it is no surprise that we are allocating more than two-thirds of our communications budget to social content strategies covering anything from listening to analytics; from asset creation to brand publishing.

Given consumers' online frequency and volume, the pay-off from social media strategies is rewarding in China. Increasingly, marketers are shifting away from expensive cable television networks because social media platforms are allowing us to cut through traditional boundaries. More importantly technology has enabled brand storytelling. The result is a rich media platform with powerful content that reduces cross-cultural misinterpretation and ultimately creates intimacy and trust for the brand.

In 2012, an official Weibo (China's top microblog) response to an undercover television report on China's Consumer Rights Day was shared by 8,400 different key accounts and reached over 10 million people on Weibo in two hours. In 2015, an International Pi(e) Day activation on March 14 garnered us 250,000 new followers on our official Wechat account (China's largest messaging app) over a single weekend. The following year, we re-launched the Big Mac in China using social media to familiarise netizens with the history of the Big Mac and teach them the Big Mac chant. The three-week social media focus connected Chinese to Big Mac fans in other parts of the world doing the chant. Never mind three times the number of Big Macs sold - we unlocked brand culture.

2. Made in China for China

Even when Chinese consumers follow the same online decision-making pattern as our peers elsewhere, there are basic differences which limit global content asset-sharing and deployment. In fact, we may sometimes feel exiled from global content. Therefore re-creation is needed.

In a recent global social media campaign, McDonald's created a set of digital assets for Facebook, YouTube, Twitter and Instagram. Every market would draw from this social media bank. Every market, except China. Translations aside, while others leverage a global YouTube channel, we had to recreate an entire sub-site for China's separate networks. The ability to be part of a wider global campaign was triple the workload for us.

Many foreign brands already have presence on Chinese social media networks but they usually find it difficult to deploy globally-created brand assets in very meaningful ways. Communication practitioners in China need to overcome language, censorship and most of all, we have to overcome content relevance.

Online, McDonald's content in China, while staying true to brand values, is made in China for China. Generally speaking, this content is divided into what we want to push and there is content that responds to social hot topics and trends in China. Over the past three years, through social listening and analysis, we have collected a large database of McDonald's enthusiasts comprising top Chinese bloggers, key influencers and digital artists who are actively generating content. In September, we discovered an artist who proactively created nine digital postcards complete with sonnets showing Chinese traditional characters enjoying McDonald's. When we approached him, he gave us full usage rights to his drawings at no charge.

Our communication strategies can only be as strong as our business strategies. In this aspect, the business inte-

CHINESE SOCIAL MEDIA GIANTS

- **First released in January 2011, WeChat is a mobile text and voice messaging communication service developed by Tencent Holdings Ltd. It is the largest standalone messaging app by monthly active users. As of August 2015, WeChat has 500 million active users, with 70 million outside of China.**
 - **QQ is an instant messaging software service developed by Tencent Holdings Limited. QQ also offers a variety of services, including online social games, music, shopping, microblogging, movies and group and voice chat.**
 - **Weibo is a microblogging website. Akin to a hybrid of Twitter and Facebook, it is one of the most popular sites in China. It was launched by SINA Corporation in August 2009 and currently has 503 million registered users. About 100 million messages are posted each day on Weibo and over 400,000 companies hold official business accounts on the website.**
-

grates locally and stays relevant to what Chinese consumers expect. Visiting executives may be surprised that our menu board does not feature the classic beef varieties. Indeed, McDonald's top-selling item in China is the McSpicy Chicken Burger and the Premium Grilled Chicken Sandwich. We sell six times more chicken than beef; and our top selling pie is taro, not apple. Quite the reverse for the brand in Europe or US.

3. Attitude – how would Confucius position this?

With 2,200 restaurants in China, McDonald's definitely has its fair share of issues and crises in this market. No matter how strong our messaging can be in English to protect the brand, successful crisis management in China can always be drilled down to attitude. It feels like an obvious truth but it requires stating. Sometimes I quip with my team, "how would Confucius position this?"

Communication practitioners in China would struggle to agree with their global colleagues on the phrases or words used during issues or crisis management. In China, messaging during a crisis must first reflect depth of sincerity and intention. The Chinese have laser-sharp senses when it comes to attitudinal truths and authenticity. It is a result of their heritage and inherent in the Chinese language.

“Our communication strategies can only be as strong as our business strategies.”

I have unfortunately witnessed inexcusable attitudes of foreign companies that have dug themselves deeper into crisis and I have seen companies recover brand trust using a relationship-focused logical approach to crisis management. In a training session on how we should prepare for a dawn raid in China, one of the key principles shared was “attitude” and an offer of tea to the inspector as an important act of attitude and humility. This is counterintuitive but the effort is important.

The second part of attitude is respect. The Chinese can smell a mile away when they are being patronised. Language, tone, graphics, product names... be very sensitive to Chinese sensitivities.

On the 2013 World Consumer Rights Day, China’s official broadcaster, CCTV, attacked Apple’s customer policies and practices. The broadcaster said it treated Chinese as second-class citizens. For McDonald’s, we are often asked if our Big Mac is smaller in China. For the record, it is not. However, there is always suspicion that versions of what is served in China are inferior to what’s sold overseas.

4. Help consumers appreciate the brand

Outside of Shanghai’s city centre, a McDonald’s crew is handing out leaflets with instructions on how to use the Drive-Thru. In China it is necessary to show and tell the concept of a Drive Thru not only to customers but also to landlords and government officers granting operating licenses. While it is ubiquitous in the US, with a 70 per cent Drive-Thru ratio, only one in 10 restaurants in China have them.

As connected as Chinese consumers are in a sea of websites and mobile apps, an understanding of the history behind western brands may not exist. As much heritage as McDonald’s may have with stories of Ray Kroc and more, that was not the natural starting point in our communication initiatives. In my opinion, it’s a big miss.

“The Chinese have laser-sharp senses when it comes to attitudinal truths and authenticity. It is a result of their heritage and inherent in the Chinese language.”



JESSICA LEE
Chief Communications and
Corporate Affairs Officer
McDonald’s China

In July 2013, Jessica Lee moved to Shanghai from McDonald’s Asia Pacific region to lead the communications and corporate affairs function for its China division. Prior to joining McDonald’s, Jessica worked as director of branding and communications at the Asia-Pacific office of insurance company Aviva (from 2004 to 2007), as senior manager corporate affairs for Standard Chartered Bank (2001 to 2004), and as director of corporate communications at ESPN Star Sports (1998 to 2001).

Communications play the role as an accessory to business and profits, but in China it has an even bigger role in connecting Chinese consumers to a foreign brand’s heritage. Without the knowledge of what our brand stands for, trust becomes difficult to build. If retailers forget this in the course of rapid growth and development in China, the business could easily be a house of cards when a crisis hits.

5. Reinvent your team

A month ago, I was given a template which asked me to define the percentage of time spent on different things in the communications function. It was hardwired to specific tasks like media relations, event management, internal communications and corporate social responsibility. I found it a challenge to complete because, you see, that’s not entirely how our communication team works these days.

Over the past 12 months, I have actually reinvented my team structure twice. Today, our team members work more like channel managers and content creators. They take a piece of news or an event and think about how they want to tell a story and share it. They can use owned, earned or paid media, or even use an event. There is no siloed vertical structures to their job scopes; rather, the way they work reflects the nature of China’s fluid social media environment.

That said, this will require change and maybe a different kind of talent, the kind of talent which can also produce and direct content, not just write press releases. Such caliber and quality of talent can be few and far between in China but I encourage companies to take bets on the post 90s generation in modern China. ●

Understanding the European communications labour market

Emerging trends for European
communicators and the
managers who hire them

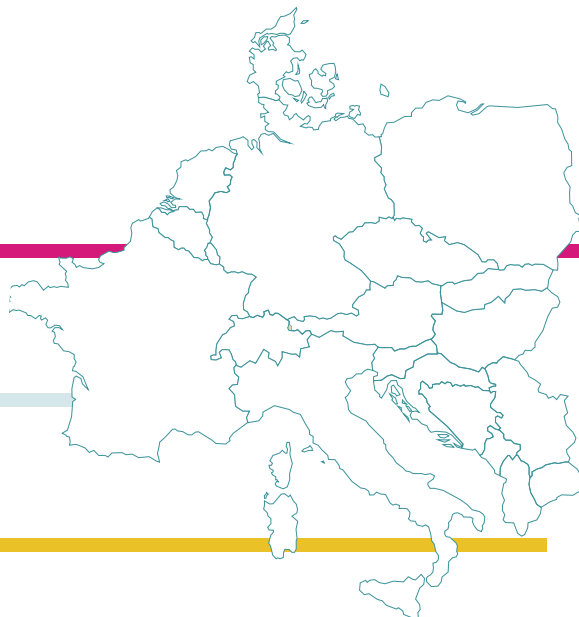
INTERVIEW WITH WILLEM DE RUIJTER

V

VMA Group has a 37-year history in placing both communications and marketing professionals into career-enhancing positions and strengthening communications functions, for every type of organisation, all across the globe. The group's studies and analysis have become resources for benchmarking, as well as in recruitment planning and decision making. Now, for the second time, VMA Group's European practice (led by executive director, Wil-

lem De Ruijter), have recently completed research into the European communications candidates' market, producing guidance for hiring managers and human resources in the field. The study examined the responses of more than 250 European corporate and marketing communications professionals.

The results were presented at this year's European Communication Summit in Brussels. We took the opportunity to discuss with Willem the key findings from the *Understanding the European Communications Labour Market* report, the emerging trends and issues and his thoughts on what this means for both professional communicators and hiring managers in Europe.



Are communications professionals willing to change roles?

Absolutely. 95 per cent of the professional communicators we surveyed stated they *were* open to new job opportunities. Even though this is a quite high percentage indeed, it did not come as a surprise to VMA Group. From our European offices in Amsterdam, Brussel, Paris and Frankfurt we are in close contact with many communication professionals and the study confirms what surfaces in our conversations with them.

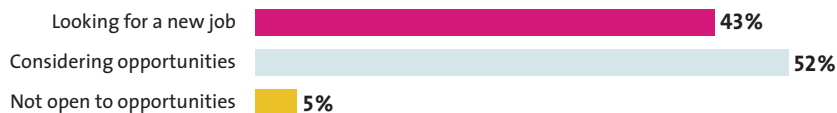
Looking at the results more closely, almost half (43 per cent) of respondents are actively looking for a change in role or step up the career ladder, while a further 52 per cent were shown to be ‘passive candidates’ – those who would be open to switching roles if the right opportunity presented itself, those who have to be actively approached to get them involved in recruitment processes.

This highlights a continued phenomenon (we saw similar numbers in our 2013 *Understanding the European Communications Labour Market* report) whereby ambitious, skilled communication professionals – thanks also to an increasingly candidate-driven market – are almost always open to new opportunities and to making a move.

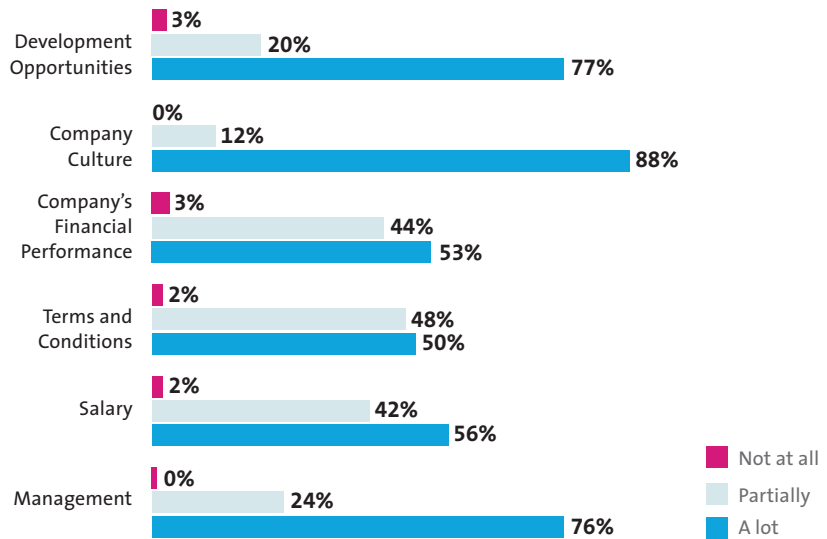
This openness is never more apparent than in our day-to-day work and in the conversations we have with our candidates and wider community of communicators; our approaches are always met with interest and where a role might not be quite right for them, they are happy to make recommendations and introductions.

At this year’s European Communication Summit VMA Group conducted a mini labour market survey amongst attending participants. In general the conclusions of the larger pan-European survey were confirmed with one notable exception: participants were a little less open to changing jobs. Only nine per cent reported they were actively looking for a new job (compared to the 43 per cent above); however 59 per cent reported that they would consider new opportunities if they were presented to them. Still, 68 per cent of participants are open to new challenges compared to 95 per cent for the total market, a significant difference.

Are you currently:



What factors do you consider to be important when changing jobs?



What are the key factors communicators consider when moving jobs?

For our respondents, company culture, development opportunities and management remain the consideration factors deemed most important when changing jobs.

Professional communicators are keen to work in companies where they feel there is a natural 'fit'; where their values are reflected, their skills recognised and their approach respected. An understanding of a company's culture is therefore vital for candidates when considering a new role – helping to bring a job description to life, adding colour and context, is where a good recruitment consultant or agency adds real value for both client and candidate.

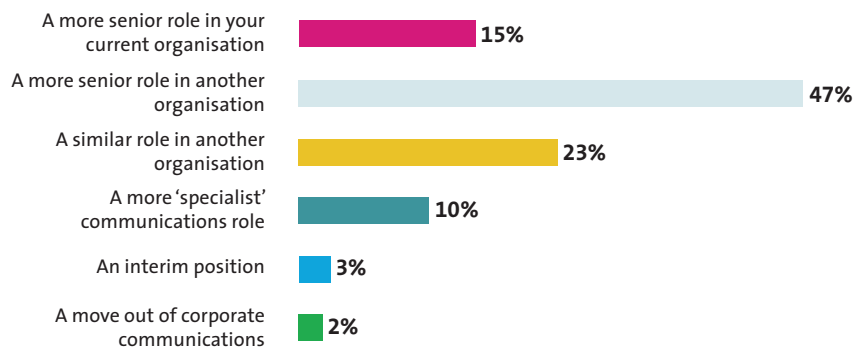
Acutely aware that communications is a continually-evolving, increasingly complex, 24/7 industry, professional communicators take the upkeep of their skillset very seriously; always seeking opportunities for personal and professional development, keen to enhance their experience and expand their repertoire. Unsurprisingly, development opportunities are then front of mind for them when moving jobs.

'Find a boss, not a job' seems a sentiment shared increasingly by our candidates and those who responded to our survey – *how* they are to be managed and by *whom* are now key considerations when accepting an offer and changing roles.

What do communicators view as their ideal next career step?

Along with a clear preference to work for an international company (for 87 per cent of our respondents), the majority of those surveyed (70 per cent) stated their ideal next career step would take them to another organisation; with 23 per cent seeking a similar role in a new organisation, but a considerably greater percentage (almost double, at 47 per cent) seeking to take a step up, into a more senior role, in a new organ-

isation. These statistics reflect our daily conversations with communication professionals; the most ambitious and driven of whom are keen to hone and test their skills in new environments.



What do you see as your ideal next career step?

Which discipline would communicators most like to work in?

With the lines between communication disciplines increasingly blurred – digital media continues, simultaneously, and somewhat paradoxically, to disrupt the status quo whilst levelling the playing field – there is more of a move towards specialist communicators, generalising. This is reflected by our respondents, 78 per cent of whom would consider a move to a different communications discipline.

Whilst we saw some gender disparity (considerably more women, 43 per cent, than men, 28 per cent, favoured a move into internal communications), external communications was the most popular discipline overall (60 per cent), followed by public relations (52 per cent) and then public affairs (42 per cent). This is not unexpected as many of the other disciplines often report into external communications, as the umbrella communications function.

What are the industries considered most and least popular for current communicators?

Our study found that the energy and water, non-profit and fast-moving consumer goods industries were currently the most appealing to European communications professionals, whilst financial services and wholesale businesses fared worst as the two least popular. We believe this is due to a shared perception, rightly or wrongly, that these industries take greater corporate and social responsibility, are more values-driven and offer a better work/life balance. As CSR and wellbeing continue to rise up the business agenda so do they on the list of considerations for communications professionals, and never more so than when moving organisations. VMA Group is always careful to counsel against assumptions and considers every organisation and brief, like our candidates, on their own merits, presenting both strengths and weaknesses, the pros and cons. Coercing candidates into unsuitable roles or failing to provide all the facts does not make for positive, long-term relationships with either candidate or client!

Are communicators willing to relocate to a new country?

More than two thirds of our respondents (72 per cent) said they would be willing to relocate to a new country. This is critical for hiring managers who, in our experience, often only explore recruitment solutions at a national level.

This openness to relocate in conjunction with continued globalisation, the increased need to communicate across geographical boundaries and to understand cultural nuances, means hiring managers should make sure they take advantage of global networks when recruiting communications roles if they are to access the widest talent pool.

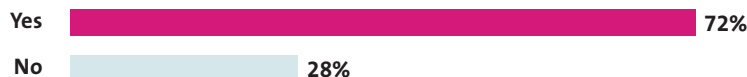
Do communicators want management responsibility?

An overwhelming 91 per cent of our respondents want to take on (22 per cent

told us that international organisations were their preference), it is the role of recruitment consultancies, such as ourselves, to identify those candidates who would deem this type of opportunity ideal. Whilst there are trends, peoples' situations and motivations vary wildly – one man's ceiling is another man's floor, after all. There definitely is a group of candidates who for various reasons can be interested in a more general communications role in a smaller company as well.

Are interim roles attractive to professional communicators?

Increasingly, yes. Our report revealed that more than half (52 per cent) of communications professionals surveyed would consider a career in interim management, with 37 per cent of those willing to leave their permanent roles for an interim post. The most popular three rea-



Would you be willing to relocate to a new country?

or maintain (69 per cent) responsibility for managing people. With communications now a firmly established profession, with increasing strategic importance, the opportunity to line manage, lead teams and direct entire divisions is increasingly appealing to an ever ambitious contingent of professional communicators and is now more often than not seen as natural career progression.

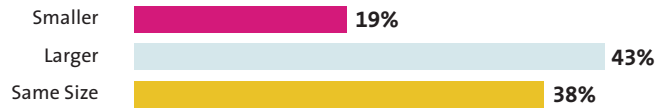
Is company size important to today's communications professionals?

Yes, size does matter. 81 per cent of all respondents indicated they would want to work for a company the same size or larger. Whilst this may appear to present a significant challenge for smaller businesses, particularly those with a domestic reach (our respondents already

sons in support of interim positions were: taking control of work/life balance, improving remuneration value and building up a portfolio of skills in a shorter timeframe. Certainly for our clients the flexibility of an interim solution can provide a range of benefits, including quick access to a specific skillset, cost-effective consultancy and support and/or a bridge to cover maternity leave or the period when hiring for a permanent position.

How do communicators view the recruitment process and the role of agencies?

What size company would you like to move to if you ever change jobs?



As a specialist recruiter, looking to build relationships on a basis of understanding and trust, we were reassured to see that the communications community clearly recognises the added value of being represented, and supported, by a specialist recruitment consultancy. With 68 per cent believing they are better served by a specialist than a generalist and 73 per cent trusting that a good agency puts their interests first and places them where they are best suited.

With an overwhelming 86 per cent stating that ‘a good recruitment process makes a company more attractive to work for’ and 69 per cent agreeing that ‘the reputation of the client is directly affected by the actions of the recruitment agency’, who a company partners with to resource their communications talent is vital to not only securing the brightest and the best in the business but also for sound reputation management.

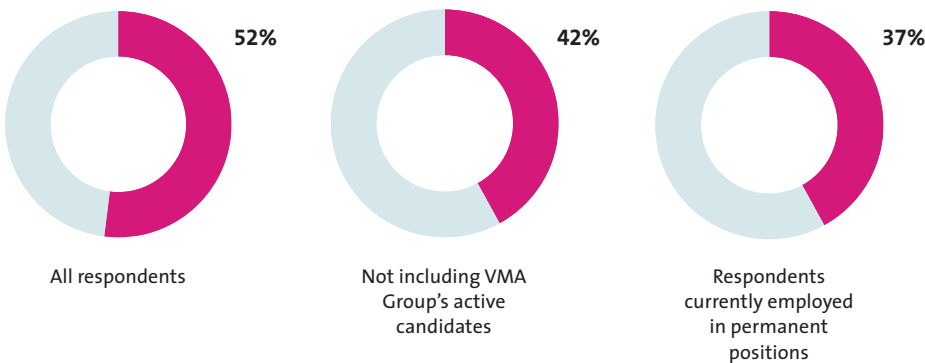
Final thoughts?

We are seeing a seismic shift in the way communications and marketing professionals are not only operating but in how they are managing their own professional development and career choices, and, in parallel witnessing the dawn of much more internationally-focused recruitment, in what is now a candidate-driven market. The mobility of talent within the sector is growing – and the desire for more experiences is emerging as a top feature for those seeking new roles, whether that is in their home country or further out. ●



WILLEM DE RUIJTER
Executive director Europe
VMA Group

An ex-fast moving consumer goods marketing and communications director, Willem de Ruijter has worked in recruitment since 2008 and headed a Netherlands based firm specialising in recruitment and headhunting of communications, marketing and sales professionals. He then moved to VMA Group where he now is executive director for Europe. He heads up operations across Europe with offices in Brussels, Amsterdam, Paris and Frankfurt.



Would you consider moving into an interim role?

Yes (Pink)
No (Light Blue)



Power to the people

Employee engagement can be driven through a shared sustainability mission. It's the task of communication directors to drive this process.

BY JOANNA SULLIVAN

How to recruit and retain the brightest minds? Focus them on the ultimate mission of global sustainability. They get to speak authentically about their work and in doing so they build trust with their peers.

The challenge for communication directors is to join forces with human resources around an aligned sustainability engagement agenda. This will boost engagement within and reputation outside. Employees can become champions for the organisation, helping to broadcast to the world why it exists and how it helps address the global challenges of climate change, deforestation, water scarcity, waste, pollution and so on. This army of authentic communicators is hyper-engaged and promotes a positive sustainability reputation with peers.

So far so good. But here's the challenge. Employees will fully engage only if the organisation is truly sustainable in the way it handles the public policy agenda, its NGO detractors and global sustainability challenges. Companies today are either part of the problem or part of the solution. If they are part of the solution, they are actively engaged in addressing sustainability challenges.

Evidence shows that companies genuinely allow employees to share the sustainability communication mandate. Communication directors must heed the call for sustainability engagement from employees and be prepared to lead on sustainability communication.

Fasten your seatbelts, the future starts here

Millennials won't be silenced and they are taking over the workplace, worldwide. If you don't have them in management yet, then get ready for change. If not, change will be thrust upon your communication strategy and you may no longer be in the driving seat.

Millennials are hyper-connected. They are creating a sharing economy where information flows for free. Organisations can tap into this resource as an authentic communication channel out, but also as a powerful engagement mechanism in, to create authentic content that builds and maintains trust.

Engaging millennials

In 2015 for the first time globally, the millennial generation – people born between 1980 and 2000 – outnumber their older colleagues in the workforce. This demographic shift is changing multiple aspects of the world of work as companies grapple with how to recruit, engage and retain these young professionals.

Millennials differ from their older colleagues in their outlook on the working world. According to a Deloitte Millennial Survey published in 2014, Generation Y – as this demographic is also known – has big demands and expectations of the future workplace. Millennials are spearheading a broad shift amongst people seeking meaning in their jobs, and working toward creating a better world.

Millennials want to work for organisations that foster innovation, develop their skills and make a positive contribution to society. Millennials will shake up the work force, Deloitte says, as they grow to be nearly 75 per cent of the global pool of workers by around 2025.

Yet currently two thirds of the millennial generation are disengaged at work. In response to a desire to recruit and retain these smart young minds, a growing number of employers are starting to

**"This army
of authentic
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sustainability
reputation with
peers."**

sharpen their focus on both engagement and sustainability. That puts pressure on traditional companies to embrace sustainability, responsibility, open communication and other positive impact goals that inspire their employees.

Engaging through purpose

It used to be that people who wanted impactful jobs went to work in NGOs. But with the rise of B-corporations – social and environmentally driven companies – and with more focus in businesses on the triple bottom line, people can now find purpose and impact in for-profit jobs.

Millennials expect organisations to operate on a more transparent and sustainably oriented basis. Because millennials have grown up with cause marketing, organisations are obliged to take positions on vital societal issues. It's not enough to fix their supply chains. Large organisations that do not fully embrace sustainability at the core will find it harder to recruit talent. Embracing sustainability goals and culture is thus key to an organisation's long term success.

Yet few organisations have adopted an official employee engagement policy around sustainability. Part of the reason is that engaging a majority of employees across a large company is challeng-

ing. Sustainability engagement training addresses this challenge by enabling employees to realise for themselves the meaning and value of sustainability. It allows them to align the company values with their own personal values. It unleashes purpose to their work and passion in their communication. They become engaged. And they become natural communicators.

Doing the right thing

Sustainability engagement leads to business transformation. Things feel different both inside and outside. People feel inspired and committed. They have purpose in their work and have space to cross-fertilise ideas and innovate within the framework of the strategic vision.

Every organisation has a social responsibility to practice authentic sustainability. Not just to have employees listen to public relations messages, but also to create the space for them to ask questions and engage in meaningful conversation. Engaged employees are able to listen, ask questions and advocate the sustainability roadmap to suppliers, customers and other stakeholders.

Employees talk about their organisation as a shining example of 'doing the right thing'. They are proud because they have purpose. They are part of something much bigger and that feels positive. And they have plenty of evidence to support the sustainability narrative. A free information flow within organisations feeds the 24-7 constant free-flow of information on social media. Finally every employee has the capacity to engage.

Engaging with integrity

The era of greenwash is coming to an end. Transparency, social media and the free-flow of information means that what happens on the other side of the world is

today's news everywhere. The millennials are making sure of it. The days of spin are over.

What is replacing the creaking old green veneer that many organisations once used to disguise a poor environmental record is a new shiny green core. One that is honest because it is built around a meaningful sustainability strategy. How is the company playing its part to address global environmental challenges? It is around the sustainability journey that employees want to engage. And as sustainability ambassadors, employees can boost brand reputation more than any public relations campaign can manage.

It's for communication directors to lead the call for sustainability engagement from within their own organisations. The future of corporate communication starts here.

Changing business, for good: Sustainability champions

Global organisations such as Airbus and Asia Paper & Pulp have embraced sustainability engagement, with tangible results for employee engagement and stakeholder engagement.

Case study I: Airbus

In 2012 Airbus, the European aircraft manufacturer, sought to engage with the leaders of Europe's environmental non-governmental organisations on issues related to the environmental sustainability of air travel. European NGOs such as CAN Europe, Friends of the Earth and WWF, had been actively campaigning for policy action on climate change, biofuels sustainability, noise and air pollution. In my role as owner and director of Conscience Consulting, I was to kick-start the Airbus journey of sustainability engagement.

Case study 2: Asia Pulp and Paper

In 2013 Conscience Consulting worked with partners in The Transition500 Alliance to support the transition of Asia Pulp and Paper Group (APP) towards a zero deforestation commitment. APP is one of the biggest producers of pulp, paper and packaging in the world. APP undertook sustainability engagement training by gathering small groups of employees across functions to discuss and integrate the company's zero deforestation commitment. Employees could openly share ideas on sustainability and genuinely embrace the company's sustainability vision and roadmap.

Employee champions

With a wealth of experience of sustainability engagement, I was asked to write a book so I could share valuable insights. My book *Creating Employee Champions: How to Drive Business Success Through Sustainability Engagement Training* was published in 2014. The book lays out the challenges and solutions to engaging employees through purpose. Disengaged employees cost companies billions in lost productivity and lead to high turnover rates, so feeling a sense of purpose does matter. Making sustainability contribution part of the job description means employees are driven towards collaboration, community and commitment. And the organisation is better positioned to anticipate and adapt to changing market conditions.

My book aims to transplant NGO DNA into business DNA, so business leaders too can inspire 'hearts and minds' engagement from employees, foster dynamic commitment to meet sustainability goals and equip their teams for genuine stakeholder engagement. This effective method transforms employees



JOANNA SULLIVAN
Author, strategy consultant

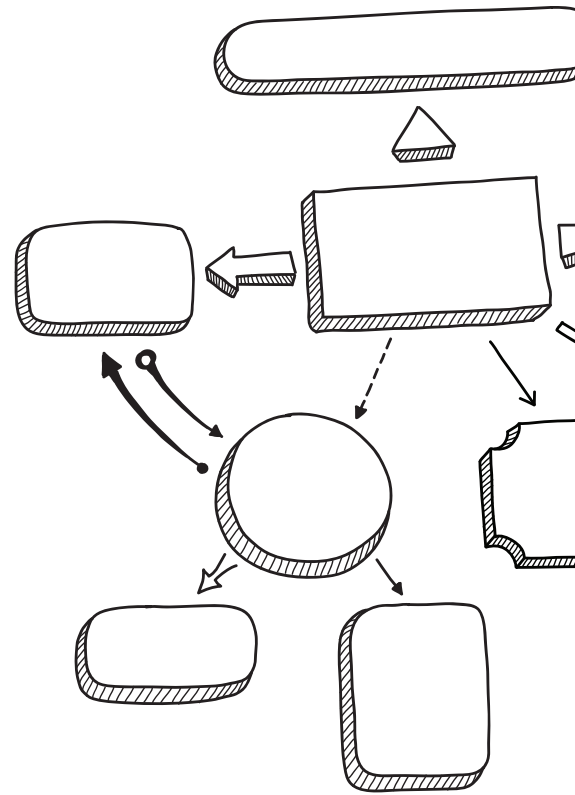
Joanna Sullivan is the author of *Creating Employee Champions Through Sustainability Engagement* (DoSustainability, 2014). Joanna is also the chairwoman and founder of Conscience Consulting, a Brussels based public policy and communications agency helping global clients embrace environmentalism and effective engagement. Conscience Consulting is a partner of global sustainable development consultancy network The Transition500 Alliance, with offices in North America, the EU and Asia.

into authentic brand ambassadors, and companies into movements. The evidence is that sustainability engagement is achieved through a simple three-step method that incrementally harnesses employee energy behind the organisation's sustainability strategy. It is a unique tool for organisations that want to make that quantum leap of integrating sustainability into the soul of a business, achieving a paradigm shift in sustainability engagement. ●

The strategy behind disruptive innovation

Design is no longer about objects, visuals or spaces; it is about systems, strategies and experiences. That's why it is the perfect vehicle for corporate innovation.

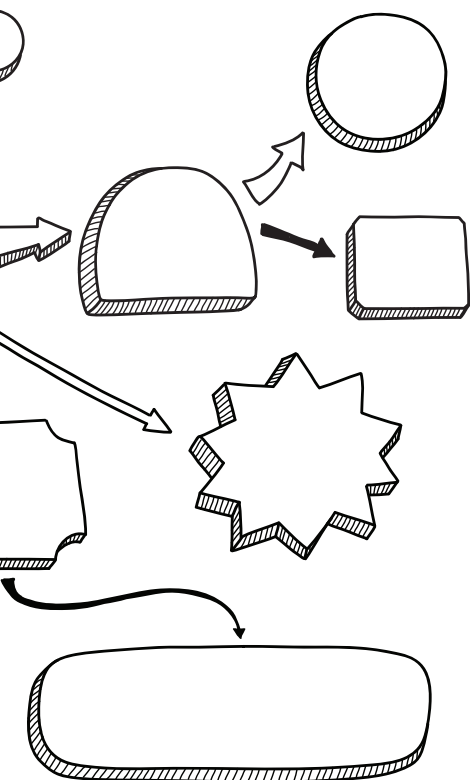
BY GJOKO MURATOVSKI



D

esign and business are intrinsically linked together. Early designers came from many backgrounds and they were introduced to the profession because of their ability to contribute artistically or constructively to the industry's needs for the development of products and advertising communications. Over time, as business models began to evolve, the field of design evolved as well. Designers moved from being stylists, to becoming professional 'problem solvers'.

With time, for many leading businesses, simply developing goods and services was no longer seen as enough in a highly competitive global market. As a



The changing landscape of design

In the late twentieth and early twenty-first century, new economic developments have changed the concentration of the design capital, and subsequently the dynamics of the profession as well. The world was divided into one part that designs (the West) and the other that manufactures (the East). Under the pressure of increased international competition, entire production systems were dismantled and outsourced to companies in the Far East. Centralised production for a global market also meant that goods that were once distinctive are now ‘standardised’ to be better suited for the taste of the mass market. While this is economically beneficial for large manufacturing conglomerates, we have witnessed a number of ecological and social disadvantages associated with this business model. For emerging economies with new manufacturing capabilities, the lack of regulations and general disregard for environmental issues have caused alarming levels of pollution and waste. For established economies, the loss of their production capacity turned them into consumerist societies. In addition to this, the collapse of the American and European financial systems brought further into question the previous division of roles and labour. Yet, at the same time, all of these changes have enabled design-led innovation to grow and evolve further. As a result, in the past decade we have witnessed an increase in independent design thinking consultancies, followed by a newly-found interest in establishing corporate in-house design teams.

“In their pursuit of disruptive innovation, many businesses started looking at the process of design as a source of inspiration.”

The rise of the corporate designer

With manufacturing largely moving to the East, and with the West moving to a knowledge economy model focused on services and technology development, many product designers found themselves in a situation where they had to reinvent themselves and apply their skills in other industries in order to remain relevant. The concept of design thinking, which is now widely accepted in a range of business and social contexts, derived precisely out of this economic shift. A design methodology, once used for designing products, is now used for designing systems, processes, services, digital interfaces, entertainment, communications and other kinds of human-centered activities. In return, some product design firms have repositioned themselves as design and innovation consultancies.

With the advancement of digital technologies, we have witnessed further changes in the design landscape. While

result, the new stage of business innovation was focused on creating experiences and developing systems for living, working and entertaining. This called for new currents of thinking that would challenge existing business models by using an approach which is now referred to as ‘disruptive innovation’ – an innovation that can transform and revolutionise an existing market, product or a sector by replacing complexity and high cost with simplicity, convenience, accessibility and affordability. In their pursuit of disruptive innovation, many businesses started looking at the process of design as a source of inspiration. After several successful design-led innovations (such as Apple’s iPhone and Nintendo’s Wii game console), design quickly emerged on top of the corporate agenda – but with one crucial point of difference: design is now seen as a field of thinking, rather than making.

in the past it was mainly manufacturers who had in-house design teams working on product design and development, we are now increasingly seeing a rise of many corporate in-house design teams working on service design and digital design. Prior to the emergence of the digital era, or even prior to the introduction of smartphones and social media, many companies were dependent on print publications or television to communicate their message to their clients and the broader community. This was a time when corporate communication was a one-way form of communication. The content for this type of communication needed development quarterly, or in most cases, once a year. This meant that there was no need for designers working on these aspects of the work to be continuously employed by the company. Instead, they could be outsourced and contracted only when necessary. However, corporate communications today are different. For most people, the office building, window displays and commercials are no longer the first thing they see when they choose to interact with a company. It is not even the company website that comes across as the first point of contact; it is the social media profile of the company followed by their digital interface as seen on a handheld device. With the internet dominating our lives, businesses have no choice but to communicate in real time with their stakeholders, in a forum defined by ever-changing digital technologies. The rise of the corporate in-house design teams comes primarily out of this necessity.

Design as a strategic business resource

As design is increasingly being recognised as a strategic resource, the sphere of influence that designers' have in business and society is changing. What used to be a field dominated by an array of independent design studios and large design

EXECUTIVE SUMMARY

- In their pursuit of disruptive innovation, many businesses look to the process of design as a source of inspiration.
 - Design today is not only about products or visuals, but about systems, strategies and experiences.
 - Several major corporations, including Barclays, Deloitte and PwC, have invested heavily in design, appointing heads of design to develop customer experience.
-

agencies is now increasingly becoming one that is corporatised and centralised. As big corporations started to see design as a critical corporate asset, they also began to understand that design is not something that should be delegated to third party design firms on an ongoing basis. The growing trend for integrating design into the overall corporate strategy, the need for confidentiality and the concern of issues related to the ownership of the intellectual property, means that serious businesses can no longer outsource something that is seen as a strategic resource. That is why major businesses – including many of the Fortune 500 companies – started investing in their own design capabilities. In fact, even conservative financial businesses that have never before been associated with design started building their own design teams and hiring design executives in order to build design thinking capabilities, as well as better User Experiences (UX) for their clients and better User Interfaces (UI) for their products.

PricewaterhouseCoopers (PwC)

In 2010, the Australian branch of the business consultancy PwC acquired the boutique design firm The Difference in an attempt to diversify and expand their consultancy services. According to PwC, The Difference is a consultancy that specialises in working with public and private organisations on complex issues that involve and affect multiple stakeholders. PwC describes their now in-house design team, The Difference, as “experts in the process of collaborative, creative problem solving.” Their main role is to facilitate idea generation and decision-making sessions for clients in order to “explore ideas, develop solutions and capitalise on opportunities in unique and powerful ways.”

The New Zealand branch of PwC acquired the UX design consultancy Optimal Experience in 2014 in order to grow the digital side of its consulting practice. New Zealand's chief executive officer of PwC, Bruce Hassall, says:

“Our acquisition of Optimal Experience places us in a unique position to offer customer experience and digital consulting services from strategy development right through to execution.

Digital is no longer just about technology, and instead, it has become shorthand for ‘the world has changed’. It has brought about a new mindset to doing business, bringing us closer to our customers to give more immediate, personalised and collaborative experiences. Digital is now how we live day-to-day.”

By venturing in this area, PwC – once a traditional business consultancy – have entered in direct competition with design studios and agencies that provide design thinking and digital design services. What is more, they are not the only ones in their sector that have chosen to go down this path.

Deloitte

In 2011, the financial, risk management, tax and auditing services consultancy, Deloitte, acquired the Australian boutique design firm Aqua Media. Shortly after, in 2012, they recruited designers from the Australian design consultancy Second Road to help them develop their in-house design thinking team. According to Business Review Weekly, Deloitte claims that several of their big auditing successes in 2011 and 2012 are a result of applying design thinking to their audit methodology. The main benefit from utilising design thinking in their industry, as Deloitte sees it, is changing the way financial services are experienced. According to their chief marketing officer, David Redhill: "In commoditised markets, like audit and tax, experiences are increasingly the currency of differentiation."

Furthermore, in addition to making design thinking a part of their financial consultancy services, Deloitte now also has a branch called Deloitte Digital that acts as a full service agency that offers digital design, strategy, social media and digital development services related to emerging technologies. Pioneered in Australia, Deloitte Digital now operates through 20 studios spread across the United States, Canada, Europe, Japan, India, South Africa, Southeast Asia and New Zealand. Their team includes creative designers, channel strategists, engineers, architects and product specialists.

Barclays

The British multinational banking and financial services company Barclays has also been building its in-house design capabilities. Their head of design, Rob Brown, developed the design team for Barclays from nine designers working solely in the retail business in November 2012 to 67 designers working globally in every business unit, across all disciplines by December 2013. They also introduced the role of chief design and digital officer

to which they appointed Derek White, who prior to this was the chief customer experience officer at Barclays. White has been involved in various strategic roles with Barclays since 2005 and has experience working in the financial sector since 1996. His new role signifies that Barclays are serious about their intentions of positioning themselves as a design-led business focused on customer experience. What is more, in addition to this, Barclays are also adapting entrepreneurship as their guiding principle. According to the White:

"The thing that sets Barclays apart at the moment is, all the way to the top, to the chief executive officer, [people are] embracing the entrepreneur start-up approach in which design plays a fundamental role. Such support is demonstrated through active engagement in projects."

Xero

A particularly notable example of a design-led startup that became a successful business enterprise is Xero, an accounting software and online bookkeeping company founded in 2006 in New Zealand. In the case of Xero, design has proven to be not only a powerful market differentiator, but also a catalyst for business innovation. They were so successful with their new business concept that in 2015, Forbes listed them as the Most Innovative Growth Company in the World. According to Philip Fierlinger, Xero's co-founder and head of design, this is what sets Xero apart as a company:

"Xero is not a software company, but a UX company. (...) In contrast, our competitors try to solve problems by giving people more software and technology, which ends up making the experience more frustrating and confusing. (...) The key to great design is not about making software look pretty but getting the technology and software out of the way as fast as possible."



GJOKO MURATOVSKI
Tongji University/Auckland
University of Technology

Gjoko Muratovski is the founding head of the communication design department at Auckland University of Technology and guest professor in design and innovation at Tongji University, Shanghai. He has worked with various organisations such as Toyota, Deloitte, Yahoo!, Greenpeace, UN Association of Australia and more. This article is part of a large competitive intelligence report Gjoko is developing titled *Paradigm Shift: Report on the New Role of Design in Business and Society*. The full report will be published in December 2015, in *She Ji: The Journal of Design, Economics, and Innovation*.

Closing remarks

Design today is no longer about designing objects, visuals or spaces; it is about designing systems, strategies and experiences. It is because of this way of working that design is now largely recognised as a vehicle for corporate innovation. What makes designers working in this area different to traditional designers is that they are not only trying to resolve problems that are assigned to them, but they are also trying to prevent problems occurring in the first place by assuming executive roles within the businesses themselves. ●



PR GOES POP

How popular culture
challenges the
professionalism of
public relations

BY KATE FITCH

My

favourite fictional public relations practitioner, the vile Malcolm Tucker of *The Thick of It* (2005–2012), was voted only the second most popular practitioner, losing to CJ Cregg in *The West Wing* (1999–2005), in a global industry survey earlier this year. Tucker, played by the current Doctor Who, Peter Capaldi, is so nasty, manipulative, abusive and foul-mouthed that he is almost unwatchable (but also highly entertaining). My personal runner-up is Nan Flanagan, played by Jessica Tuck, from the television series *True Blood* (2008–2014). Flanagan, spokesperson for the American Vampire League, is the consummate media performer: articulate, rational and witty until her “true” identity is revealed as manipulative, malevolent and deceitful. And a close third is Edina Monsoon, played by Jennifer Saunders in the British television comedy *Absolutely Fabulous* (1992–2012), who is a remarkably self-obsessed, celebrity-seeking, Bollywood-swilling and shallow individual. So opaque is the actual work Monsoon does, that she struggles to articulate it to her ever-sensible daughter Saffy: “PR! I PR things. People. Places. Concepts. Lulu!”

These and many other representations of public relations in popular culture are highly amusing. Of course none represent the “ideal” practitioner promoted in textbooks and by professional associations and the audience does not really expect them to. It is confusing, though, when the creators of fictional characters point to real practitioners as their inspiration. Eddie Monsoon is loosely based

“No one really thinks Eddie Monsoon or Malcolm Tucker or Nan Flanagan are truly representative of the public relations industry.”

on public relations guru Lynne Franks, who (unlike Eddie) successfully ran a UK public relations consultancy that represented leading fashion designers and retailers for 20 years. Malcolm Tucker is allegedly based on several characters, including Alastair Campbell, the real-life director of communications for former British prime minister Tony Blair, and who was called many things including “The Darth Vader of Whitehall.” (There is some dispute about this: Capaldi stated that Tucker was based partly on Peter Mandelson, a former director of communications for Britain’s Labour Party and subsequently a government minister, and that he drew inspiration for the role from Hollywood producer Harvey Weinstein). Nan Flanagan is a vampire (so patently not real).

Much of the scholarship on public relations in popular culture has explored the various ways in which public relations is represented, primarily in television and film. Scholars often point to the “failure” of such representations to portray the reality of the industry. Yet Australian Roxy Jacenko, who owns Sweaty Betty PR, a Sydney-based lifestyle and fashion agency and manages lucrative social media accounts for her four-year old daughter Pixie, writes novels about a fictional fashion publicist called Jazzy Lou, who runs a Sydney-based lifestyle and fashion agency and manages lucrative social media accounts for her daughter Trixie. Jacenko claims the novels are “inspired by her seven-year career in the fashion PR industry” and “the perfect research for anyone looking to break in to the cut-throat world of fashion PR” (see www.sweatybettypr.com/read-us). My students love them and Jacenko’s promotion of the books intentionally blurs the lines between fiction and reality.

A more complex representation

Given that public relations is ubiquitous in everyday life, its increasing representation in popular culture is not surprising. In 1999, US academic Karen Miller found in a survey of films and novels spanning 1930 to 1995 that public relations was depicted as either “embarrassingly easy” (in that “a phone call or a cocktail with a reporter is all it takes”) or impenetrable “magic.” Nearly two decades later, we find that public relations features prominently in popular culture and that audiences have considerable understanding of public relations techniques and the genre of spin. Television programmes featuring public relations include comedies such as *Absolute Power* (2003–2005) starring Stephen Fry as the director of a London-based public relations agency, *Prentiss McCabe*, and *Utopia* (2014–2015) (renamed *Dreamland* in the UK and the US), an Australian series

set in a government department where Rhonda, the media manager played by Kitty Flanagan, describes her role as “I message.” *Scandal* (2012–) features one of the few African American female leads in network television, Olivia Pope, played by Kerry Washington, as a former White House communication director now running her own crisis management firm. Other political television shows foregrounding public relations include *Spin City* (1996–2002); *The West Wing* (1999–2006); *The Thick of It* (2005–2012); and *Veep* (2012–). Even reality shows about public relations such as *Kell on Earth* (2010); *The Spin Crowd* (2010); and *PowerR Girls* (2005) are arguably a kind of fiction. Promotional campaigns engage audiences and extend the narrative through additional online content and social media and employ – and thereby foreground – public relations techniques. For example, the DVD extras and additional online features for *True Blood* included a White House press conference; websites for the American Vampire League and their opponents, such as the fundamentalist Fellowship of the Sun church and citizen journalists’ sites such as *vamp-kills.com*; press releases; advertisements for vampire consumers; and public service announcements to be downloaded and shared.

Joe Saltzman, a professor and director of Image of the Journalist in Popular Culture (IJPC), surveyed 222 movies and 105 television programmes from 1901 to 2011 and argued, like Karen Miller, that a better understanding of how audiences respond and interpret fictional portrayals and the extent to which public perceptions of public relations are affected is needed. At the same time, Saltzman found a growing polarisation between grasping press agents and more professional and ethical practitioners in recent screen portrayals. Another US academic, Carol Ames, concluded that public relations was more positively portrayed in the two decades since Miller’s landmark survey. Ames attributes these shifts in both the image of public relations and the

more complex representation of public relations work due to the efforts of professional associations such as the Public Relations Society of America and a campaign educating screenwriters about the role of publicists. Indeed, Ames closely links the fictional portrayal of celebrity press agents with the actual work in the image and reputational management of Hollywood stars. Nevertheless, most scholars lament the lack of connection with practice together with the failure of fictional portrayals to promote the industry as professional and strategic.

Much of the scholarship on public relations and popular culture is un-

“True Blood offers multiple potential readings of public relations that both engage with, resist and challenge existing – and multiple potential – meanings.”

derpinned by an ongoing concern that fictional portrayals do not express the reality of the industry. Public relations scholars note the lack of gender and cultural diversity, status, professionalism and ethical behaviour of screen practitioners. Australian academic Jane Johnston, for instance, laments the negative and limited portrayal of female practitioners, noting that it often reinforces existing stereotypes in that women on screen perform technical, promotional work and tend to be white, single and middle class. In fact, Johnston’s findings

– based on a survey of 126 films and television series featuring public relations – also point to an uncomfortable truth about the industry in terms of the gendered stratification of public relations work. Indeed, concerns about the lack of women in senior roles and an ongoing gender pay gap, combined with the lack of diversity within the industry, are persistent themes in trade media. The marginalisation of promotional work occurs because the industry – through professional associations but also education institutions – does not wish to claim unethical or technical activity that challenges the social legitimacy of public relations and claims for professional recognition.

The transformative potential of popular culture

No one really thinks Eddie Monsoon or Malcolm Tucker or Nan Flanagan are truly representative of the public relations industry. Eddie can barely articulate what she does. Malcolm abuses everyone and everything. Nan transforms into an evil, black-clad killer. Practitioners in *Absolute Power* make up diseases to restore the image of one client, and advisors, press teams and public relations officials in various political dramas relentlessly spin in response to public opinion polls to hide genuine areas of concern and reframe media coverage and to promote government ministers and policies. None are role models and none would encourage any rational person to pursue a career in public relations. Yet more than one academic researcher has attributed students’ misconceptions about the public relations industry to its misrepresentation in popular culture. In contrast, the University of Alabama’s Meg Lamme argues that rather than focusing on the absurd in popular culture, educators could employ mass media representations to teach critical moments and to explore multiple aspects of public relations in that they offer fertile ground for understanding the messiness of actual practice

and the interdependence of press, political and professional relationships.

The transformative potential of popular culture to critically engage with public relations discourse is often neglected in academic scholarship. But perhaps that is precisely the issue: the industry struggles to regulate or even define public relations and the field is slowly being cannibalised by competing fields such as corporate communication, crisis communication, marketing, marketing communications, organisational communication, public affairs, publicity and promotion and stakeholder engagement. Its semantic instability means that popular culture offers rich interpretations of potential meanings. The lack of attention to promotional activity (such as the marginalisation of publicity and event management and even celebrity management) among public relations scholars may stem from the fixation with representing public relations as a



KATE FITCH
Murdoch University

Dr Kate Fitch is academic chair of public relations at Murdoch University in Perth, Australia, where she has taught since 2001. She has published on ethics, pedagogy, gender, history and culture in relation to public relations; her current research investigates representations of Australian female practitioners in the twentieth century. Kate is on the editorial boards of Public Relations Review, Public Relations Inquiry and Prism. Her book, *Professionalizing Public Relations: History, Gender and Education* will be published by Palgrave in 2016.

“Audiences bring their own meanings and engage playfully with various representations of public relations.”

strategic management discipline that ignores activity that arguably could be conceived of as public relations. For example, professional public relations is not perceived to be that represented by Bridget Jones’ inept publicist, played by Renee Zellweger in the films based on the books by Helen Fielding, whose playboy boss marginalised her work as “fanning about with press releases” – except that I think it is. (Disclaimer: I once worked as a publicity assistant in a London-based book publisher.)

As I wrote in an academic paper, *True Blood* offers multiple potential readings of public relations that both engage with, resist and challenge existing – and multiple potential – meanings. For example, Flanagan transforms from the pastel suit-clad, middle class, articulate media spokesperson who employs civil rights discourse to advocate for vampire rights; to the representative of a human-friendly front organisation to disguise the real power and designs of the shadowy “Authority,” in a classic piece of greenwashing; before morphing into a black leather-clad enforcer who employs military commandos to terminate her opponents. After the fourth series, Flanagan is replaced by “gay-Vampire-American,” Steve Newlin, the former vampire-hating pastor of the Fellowship of the Sun church. These representations engage with different public relations discourses: public relations as advocacy, spin, manipulation, propaganda, and image and media

management, as well as engaging with gendered discourses of public relations as a vocation suitable for “gay guys and girls” to quote recent media stories. Such discourses sit uncomfortably with the professional rhetoric of public relations. Yet, they offer alternative discourses to the constraints of professional perspectives and construct other realities of the industry, recognising the inherent contradictions between professionalism, corporate social responsibility, ethics and the reality of neoliberalism and the market logic of an occupational practice that is firmly linked with the development of capitalism.

Through the television screen

Popular culture does not offer a mirror but a distorted lens through which diverse – and at times contradictory – meanings of public relations can be constructed. Audiences do not consider vampire dramas to be real. However, vampires represent the other and therefore offer a potential narrative about contemporary and collective anxieties. Nor do audiences seek an accurate representation of the public relations industry in popular culture. Nevertheless, audiences bring their own meanings and engage playfully with various representations of public relations. The use of humour and irony, in particular, subverts normative expectations of ideal public relations.

So what, if anything, can we learn from fictional representations of public relations? And are we asking the wrong question, given that popular culture is primarily entertainment? In fact, I think these diverse fictional representations engage with multiple understandings of public relations and potentially offer important and critical insights into public relations work and meaning. That’s not why I watch them, though. I watch them for fun. ●

A propaganda of fear

Recent terrorist attacks around the world – including Paris, Beirut and Metrojet Flight 9268 – were marked not only by their cruelty but also the use of social media before, during and after the attacks. But can social media also be used to fight back against the terrorists?

BY ROBYN TOROK

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ocial media is not just an important part of violent extremism and terrorism: it is central to it. It would be difficult these days to find a terrorist who has not had significant exposure to extremism on social media. While there are many other forms of terrorist ideology, this article will focus on the most prominent threat of Islamic-based extremism.

From the humble beginnings of a few web pages to a sophisticated global social media strategy, the online growth of Islamic extremism and terrorism has been exponential. Not only

has the volume of material significantly increased, but so has the level of sophistication. Multiple Facebook pages, profiles and groups, Twitter real-time updates by the Islamic State in Syria, high quality propaganda videos posted on YouTube and even glossy online magazines are all continually being developed, posted and updated. It all appears like an unstoppable tide of unsettling influence that is set to plague the world for years to come.

There is no doubt that the global picture looks grim in regard to Islamic extremism and terrorism especially with the rise of Islamic State in Syria and Iraq. However, it is important to take a step back and consider the nature of this problem – or perhaps more correctly, phenomenon. By understanding the message and mechanisms at work, better strategies can be devised to help combat, contain and reduce the size of the threat. However, any claims about eliminating such a threat are short-sighted, simplistic and most importantly, inaccurate.

Before we look at ways of framing the use of social media by terrorists, it is important to first understand their message. Islamic extremism can be divided into three broad narratives. First is the narrative of grievance that states that the west has persecuted and terrorised Muslim nations as well as exploited them. What is most striking from studying these grievances online is the fact they are all presented as cumulative and interrelated as a giant threat to Islam itself. Local threats are integrated into this global threat and presented as part of a historical narrative of persecution. Second, the need for action is promoted through the narrative of jihad, which is presented as violent action designed to rid Islam of oppression as well as send a message to its oppressors. The third narrative which is intertwined with jihad is that of martyrdom. All who undertake jihad must be prepared to be martyred for their cause. More than this, martyrdom is something that should be actively sought and brings many rewards.

Regardless of the perspective taken, getting the message out is a form of psy-

“Social media is not just an important part of violent extremism and terrorism: it is central to it.”

chological warfare with the aim to ‘win hearts and minds,’ a phrase that the west has itself used as way of defining its strategy. Understanding Islamic terrorism and our response to it as a form of psychological warfare is very important given that it acknowledges the active and relentless strategy of utilising social media by extremists to reach a global audience.

Techniques of terror

Social media is a powerful tool to convey these messages for several reasons. First is the strong integration with other forms of media including text, pdf files, graphics and video links. Second is the ability to connect with likeminded individuals and find those with similar beliefs quickly and easily. Third is the interactive nature of social media that allows people to interact with each other in real time on a regular basis. Finally and perhaps most significantly is the often addictive nature of social media that lends itself to regular engagement often in large blocks of time. Social media is also critical to the way the message is propagated. Two key ways in which these messages are propagated are propaganda techniques and the use of institutional power.

Propaganda techniques have traditionally been framed in terms of a nation or large organisation. However, for this article propaganda is simply a technique used to propagate a message. Several

THE PARIS ATTACKS

While the average person was getting on with life in Paris before the terror bombings and shootings on November 13, Twitter threads in Arabic from the Middle East were urging for attacks to be launched upon coalition forces in their home countries. “Advance, advance – forward, forward” they said, regarding Paris. Iraqi forces had warned coalition countries one day before the attack that IS’s leader Abu Bakr al-Baghdadi had called for “[...] bombings or assassinations or hostage taking in the coming days”. In addition, social media message “Telegrams” from The Islamic State Media Center’s Al-Hayat were telling that something more sinister may be afloat, or at least in the works. In late September, 2015, IS made use of the new channels tool, on Telegrams, setting up its very own channel called Nashir, which translates as “distributor” in English.

HIDING IN PRIVACY

Launched in 2013, Telegram is an app that can be set up on almost any device and allows messages to be sent to users, with a strong focus on privacy. IS utilises the service of Telegram channels because it is more difficult for security agencies to monitor and disrupt than other platforms such as Twitter or Facebook. An important tool that agencies use to tackle violent extremism is that of counter-narratives. The aim here is address and challenge propaganda and misinformation being disseminated by IS to potential recruits or IS sympathisers. This is used as a form of disruption to the flow of information and recruitment process. But with Telegrams – where information moves in one direction – it makes it harder to counter jihad propaganda and lies. Telegrams is used by IS not just to post propaganda but to spread training manuals, advice on how to obtain and import weapons, how to make...

Continued

frameworks for propaganda techniques exist, with many overlapping. Perhaps the most pertinent is the use of white propaganda which is similar to card stacking: without having to make up overt lies, it focuses on one side of the argument. Most significant is that of grievance narratives: media stories of children being killed in conflict zones as well as abuses of power by military forces are quickly picked up, linked to on social media and circulated widely, thus promoting the victimisation of one group of people.

Another key propaganda strategy used is to appeal to authority – for example, Allah – and those who are recognised as having authority to speak, such as radical clerics and those who have been martyred. Becoming a martyr gives a person's words a platform after they have died and can be accompanied by images and or video files. While other techniques such as stereotyping and making generalities are common, the fundamental strategy underlying all others is that of repetition. Key meta narratives of grievance, jihad and martyrdom are constantly repeated by a vast network of sources. This concept of a network is fundamental to the concept of institutional power.

Institutional power is based on the work of French historian and philosopher Michel Foucault. On studying psychiatric institutions, Foucault found that power was networked rather than being top down and that it flowed through all who worked in the institution. My research into extremism on social media shows a similar pattern, with a network of power and discourses flowing through a multitude of pages. Although there are key authority figures that are more significant, their message still resides within a given framework of the three key meta narratives. Given the way the internet is structured, social media is well suited to networked forms of power.

Despite the social media saturation by Islamic extremists there is still a great deal of moral inertia to overcome. While some research has suggested forms of moral disengagement, my research leans



ROBYN TOROK
Edith Cowan University,
Australia

Dr Robyn Torok researches social media and online radicalisation at the Security Research Institute, Edith Cowan University. The focus of Robyn's research explores the way in which social media is being used by jihadists as a form of an institution to govern behaviour of Australian recruits to acts of martyrdom in the west and abroad. Her research includes on-line radicalisation, counter-terrorism, policy, intelligence, eschatology and the impacts upon terrorist radicalisation, narratives, national security, Islamic state ideology and Middle East affairs.

more toward a form of moral reframing. Rather than seeing terrorists as not having a sense of morality, instead they have a very different moral framework where killing in the name of God is not just moral it is an obligation of every Muslim. From this, two key questions arise: how do terrorist recruiters achieve this change? And what can be done about it?

Future pacing

Terrorists use a concept in recruitment called future pacing whereby they encourage recruits to look at what they can achieve in the future with a key focus on jihad and martyrdom. Essentially, they reframe the recruit in the future tense of a given action and then reorient them back to the present tense, with the mindset that the action has already occurred

bombs and how to perform single jihadi attacks on individuals with household equipment. It has posts on launching attacks at soft targets and the activation of lone-wolf style attacks, or to give the green light for small terrorists pockets or cells within the community to conduct their onslaught. Inciting acts of violence is a key element of IS's radical religious ideology. It mandates that its people are following the "true" path of Allah and are helping to bring to pass a great apocalyptic battle between coalition forces and "Rome", which to them is the will of Allah.

SOCIAL MEDIA ADVANTAGE

Social media is prominent in recruitment strategies used by terrorist groups, in particular, IS. Facebook is a key platform to gather young fans, supporters and recruits to incite them to acts of violence by the means of propaganda and the use of Islamic grievance. When it comes to real-time orchestrating of terror events, IS is adopting encrypted messaging applications – including Kik, Surespot, Wickr and Telegram, as previously mentioned – that are very difficult to compromise or even hack.

What is advantageous for IS is that messages being sent have what is termed a "burn time" which means they will be deleted after a certain time and will not show up on a phone or other device. This benefits recruiters as it means they can fly under the radar more readily which makes it more difficult for agencies to detect and prevent attacks. There has also been speculation that IS uses the PlayStation 4 network to recruit and plan attacks. Belgium's deputy prime minister and minister of security and home affairs, Jan Jambon, said PlayStation4 was more difficult for authorities to monitor than WhatsApp and other applications.

in the future. They use key statements to create a picture of their future position as an extremist or terrorist which is aimed at directing their current pathway. Online media forms are critical to this role.

Future pacing by terrorist recruiters can only be effective if it operates as a type of isolated institution on social media. Achieving this institutional isolation is not as difficult as one might think given that those prone to Islamic extremism are quickly embedded in a social media network that continually reinforces extremist discourses and ideologies as well as limited exposure to competing ideas or rationalities. In addition, research indicates that people with more extreme views tend to seek out similar viewpoints, thus reinforcing their extremism.

Extremists will not typically be dissuaded from their beliefs by a single grand narrative or creative pleas, but rather constant comparisons that are designed to erode away at extremist ideologies and create a sense of disillusionment with radicalism. While this may sound like a straightforward strategy in theory, in practice it is much more problematic. Thus, the final part of this article will be dedicated to ways of achieving this as well as potential roadblocks.

Counterarguments

Social media sites are cost free, global and not subject to government interventions. Although these sites have policies relating to the use of offensive material, this has not prevented an explosion of Islamic extremist influence on these social media sites. Even when extremist pages or videos are removed, they quickly reappear under different names. There are also privacy issues to consider as well as judgements that would need to be made about what constitutes an extremist or offensive piece of material.

Jumping into this complex minefield is not something that large corporations or governments are keen to do. However, there have been attempts to circumvent

such problems. For example, in Australia earlier this year laws were passed where internet service providers must retain personal details as well as information about data for a short period of time. While privacy concerns have been raised, these laws are subject to strict regulations and can only be used where threats to national security are involved. Coupled with this is the tracking of social media by intelligence agencies. However, as the number of threats grows, the ability to track becomes more difficult.

Dealing with this problem will require cooperation from both private corporations as well as coalitions of governments. At stake from a government perspective is the security of individual nations as well as global security. Meanwhile, corporations have financial and privacy interests and any government attempts to interfere with or regulate social media sites would undermine their profitability and just transfer the problem to another newly created social media platform.

One possible strategy is for social media sites to use advanced algorithms to present alternative arguments. In the same way that music algorithms can suggest possible 'likes' in relation to a given song, social media sites could suggest alternate views based on the type of material searched. These algorithms would not break any privacy laws and could serve to create measurement points to compare a person's level of extremism. Also, suggestions of alternate considerations could help break the cycle of seeking out only like-minded extreme views.

Finally, it is important to note that there is no simple solution to the problem of extremists on social media. Multiple strategies will be needed with cooperation between private corporations and governments. The need to interrupt the strategy of future pacing is critical, especially given the way extremism is often developed in isolation. Naturally, all strategies are premised on an understanding of the messages and ways in which social media is used to propagate extremism. ●

AFTER THE PARIS ATTACKS

Not long after the attacks in Paris, IS released an audio and written statement claiming the attack as its own from command central. This was systematically and widely broadcast across social media platforms. Contained in this statement were future warnings that "[...] this is just the beginning of attacks [...]". At the same time, a propaganda video entitled "What are you waiting for?" was circulated on Facebook, Twitter and Telegrams. IS continues to use social media as part of its terror campaign. Its aim is to maintain the focus of its recruits and fighters within coalition countries. It also aims to further recruit home-grown jihadists to acts of violence while driving fear into the heartland of European and Western countries. While privacy is on everyone's mind, encryption applications have gained momentum to allow people to communicate without worrying about unwanted third party access. Unfortunately, terrorists have also utilised these features as a means to go undetected in organising real-time operations and preparation for terrorist attacks. Terrorists are ahead of the game and we don't want to be playing continual catch-up.

If terrorists are to continue using these applications to arrange acts of terrorism in a covert manner, then security agencies need to be able to balance the collection of information from technological advanced services with that of human intelligence. Dealing with the threat of misuse of encrypted applications by IS and other terror organisations, would mean that law enforcement and agencies would require access to encrypted communications. While one could argue this may compromise data security and that it should also be assessed alongside internet vulnerabilities, this must be balanced against the current climate of security threat both domestically and internationally.



A guiding light

In a crisis, an ethical perspective can help public relations professionals guide their organisations – and their profession – to safety.

BY BURTON ST. JOHN

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here is little doubt that, when it comes to public relations, the vast majority of the public receives the message that the field is about managing crisis. It's right there in the term often used by journalists, Hollywood screenwriters and (unfortunately) some in the field: spin. Journalists criticise spin whenever they point out how organisations attempt to downplay the negative and emphasise any possible positives of a crisis situation

(for example, FIFA's internal corruption or GM's defective automobiles). Pop culture – Wag the Dog, Scandal and The Spin Crowd – all show public relations people making unsavoury choices in an attempt to manage crisis. Even some books on public relations – *PR! A Social History of Spin*, *The Father of Spin*, *Spin: How to Turn the Power of the Press to Your Advantage* – emphasise a manipulative damage control aspect of the practice. Not surprisingly, a 2014 PR Week survey found that, in the UK alone, 78 per cent of respondents thought that most public relations campaigns were simply spin.

Of course, crisis management is not the central aspect of public relations, but this public overemphasis of public relations as manipulative crisis spin points to something that does need better consideration: how ethics should be understood as baked into public relations, whether dealing with a crisis, planning a special event or strategising a social media initiative. That is, in all public relations efforts, practitioners should be thinking of how to help a client ethically balance its needs versus the often disparate needs of various stakeholder groups and the wider needs and expectations of society. This calls for much more than understanding codes of ethics. Instead, public relations practitioners put ethics into daily practice when they 1) understand the motives and goals of a client, 2) know the values and aspirations of key client stakeholders and, 3) account for how the client's power in this relationship presents opportunities for, and challenges to, working toward consensus.

That broader picture established, one can look at crisis management as a key (but not central) area where public relations can show its ability to help the client ethically work toward a more mutually beneficial end with stakeholders who may become, or are, adversely affected. Note that this description is quite different from the tone offered when one describes public relations as manipulative “spin” – that characterisation of public relations suggests that practice only comes into play once damage is already happening. However, one of the leading scholars in public relations and crisis management, Timothy Coombs, has said that crisis management is about planning actions that are focused on forestalling a crisis, or, failing that, minimising the harm from the crisis. Other scholars similarly offer that public relations within crisis management is a process of constantly surveying for potential problems in the organisation’s internal and external environments, assisting in formulating the organisation’s plans for avoiding crisis and, if the crisis occurs, leading the organisation successfully through the crisis and into learning and renewal.

That’s quite a different understanding of public relations than, for example, revealed in US television show *Scandal*’s multiple manipulations in reacting to crisis, or how journalists talk about personalities like Chris Brown or Donald Trump using public relations to attempt to rehabilitate their damaged images. Instead, we need to understand that public relations’ more vital role in crisis management is helping to prevent injury to both the client and its publics, or failing that, helping both to successfully emerge from the crisis with their needs met.

Building relationships

With this understanding comes the following: ethics is not an add-on to help the client manage the crisis situation. As a crisis unfolds, it is not something that



BURTON ST. JOHN
Old Dominion University

Burton St. John III, APR, is associate professor of communications and associate chair of the Communication and Theatre Arts Department at Old Dominion University in Norfolk, Virginia, USA. He is co-author with Yvette Pearson of the book *Crisis Communication and Crisis Management: Principles of Ethical Practice*, slated for release by SAGE in 2016.

“Ethics is not an add-on to help the client manage the crisis situation.”

can be readily looked up in a code of ethics or readily found in a set of policies or procedures such as business manuals or a crisis management plan. While both codes and policies/procedures can be informative, in a burgeoning crisis situation they almost certainly will prove to be insufficient. Instead, the public relations person will need to focus on the needs, values and considerations of both the management group and the stakeholders affected. This does not come from memorising code prohibitions or fingering through crisis planning charts. It comes from building relationships with key representatives inside and outside

the organisation before an untoward event happens and, when a crisis emerges, engaging in further discussion with them about ways to ethically resolve the crisis. From an ethical perspective, the public relations person, at a minimum, should be surfacing in these discussions matters of fairness, respect for individual autonomy, steps to minimise further harms and making decisions based on recognition of power imbalances (e.g. who has more resources to act in handling the crisis, and who is relatively powerless?). Rather than pure self-interest (e.g., “how will this crisis affect us on the stock market”) the public relations person in a crisis scenario, as he/she would in multiple other situations, serves best by arguing that all decision makers in the organisation have a role to play in discerning constructive, ethical measures. Along the way, the public relations person stresses ethical management of the crisis by advocating that management make decisions on next steps to take based on solid evidence about how the crisis is affecting stakeholders.

These approaches display that the public relations person assisting in crisis management knows something that spin doesn’t acknowledge: that, more often than not, stakeholders define the extent and complexity of a crisis, not the organisational actor that must manage the crisis. When the public relations professional helps the client manage the situation from this ethically sound perspective, the client is better equipped to move past self interest toward a sound resolution for the multiple parties caught up in the intricate dynamics of crisis in today’s world. ●

The real world of storytelling



Content marketing is king – we read and hear this a lot. But what does the reign of this new marketing royal look like? What are the key success factors and what are the major problems? How do agencies, companies and journalists work together?

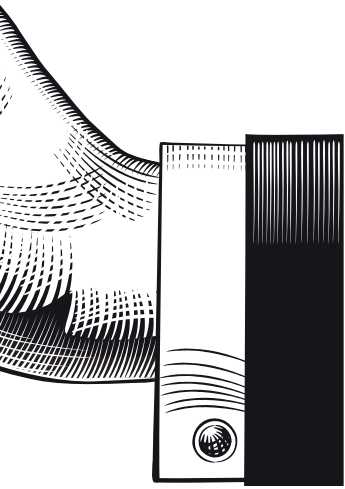
BY ALEXANDER GUTZMER

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he world of branding is in turmoil. Advertising is losing the strategic relevance it once had. Content marketing and storytelling are seen as the new keys to branding success. There seems to be consensus that journalistic stories about a brand have the potential to create a more substantial connection between customer and company than your average 30-second television spot. That is, as long as the stories that are told are not

only strategically relevant, but also highly creative and original, as well as creatively and originally communicated.

The generation and implementation of unique, fascinating and strategically suitable stories is a key success factor in modern marketing strategies. How this generation and implementation works, however, is something no one seems to be quite sure about. Of course, there are agencies that declare they specialise in just this. However, they often try to prove their own strategic and creative superiority by simply asserting multimedia expertise, the core argument being: we use all channels. We know digital. Therefore we are strategic and creative leaders. As if “digital” was in itself a strategically-relevant story.



The key question, then, is: how strategic is content marketing really? What can journalistic storytelling achieve in marketing or communication terms? How advanced are companies in using storytelling in a strategic way? How do the different players – companies, agencies, journalists – perceive each other? And how do they work together? In short: what are the rules, and who rules, in the cool new world of content marketing?

A question of research

It is questions like these that I asked in research conducted together with the German content marketing institution Forum Corporate Publishing. We interviewed decision makers in brand companies and agencies, as well as freelance journalists regularly involved in content marketing. The picture that can be drawn from the results indicates that by no means do all involved players agree on how smart content marketing, one that uses the full intellectual and emotional potential of journalistic storytelling, really works.

One key finding: the majority of companies today accept that storytelling is an integral element in successful communication strategies. Two thirds of the agency managers that took part in the survey acknowledged that their customers perceive storytelling as a strategic tool, while one third see it only as a tactical instrument used on an irregular basis. Corporate clients who think that content marketing and communication strategy don't belong together do not seem to exist at all.

So if storytelling is used on a broad basis, then the next question is: how effective is it as a tool for communication? We also have to ask what its particular strengths are – assuming that not all targets are equally attainable through storytelling.

Targeted storytelling

In her book *Unternehmenskommunikation* ("Corporate Communication", published by UTB Stuttgart in 2010), public relations professor Claudia Mast distinguishes four key categories of possible communication targets: *cognitive*, *affective*, *conative* and *social targets*. The first three targets refer to basic brain functions, and are regularly dealt with in neuroscientific approaches. The cognitive part of the brain measures intelligence, while the affective part deals primarily with emotions, understood here in the broadest sense. Conative refers to the way in which the brain drives how one acts on those thoughts and feelings, thereby connecting inner and outer world. Social targets, finally, are about how communication impacts our relations in an interpersonal context.

When I asked which of these targets can be reached most effectively through storytelling, the professional storytellers from agencies, companies and journalism agreed that storytelling helps in all four target segments. On a scale from one to five, with five meaning "very effective"

and one "not effective at all", they all think that storytelling realises cognitive, affective, conative and social targets.

Not surprisingly, agency managers are overall more optimistic than journalists or corporate marketers. Their averages range from 3.7 (cognitive targets) up to 4.5 (affective targets). The range of the marketers spans from 3.2 (conative targets) up to 4.2 (affective targets), the journalists' range from 3.7 (cognitive targets) to 4.2 (both affective and conative targets). The positive attitude of the agencies is of course a professional bias: they have to be convinced of the services they offer.

However, the results are interesting on at least two other accounts. First of all, when we compare the individual target categories, we see that journalists rate the conative components of storytelling higher than marketers. Apparently, companies are highly sensitive regarding the difficulty of really making customers do something. (The most relevant action companies strive to make customers engage in is, of course, the eventual purchasing act.)

What is also interesting is that the journalists see the effectiveness of their own writing at a lower level than their typical contractors, the agencies, do. This might be because a certain scepticism is part of the journalism profession. It might, however, also result from a lack of involvement of the journalists when it comes to measuring success of a content marketing project. Perhaps they simply do not get to see the results of their work.

When we take all three groups together, it becomes clear that the significant strength of storytelling lies in its emotional capacity. All three groups give highest values to the ability of storytelling to generate powerful emotions. Good stories create sentiments and images, catering to our longing for emotions. Storytelling, therefore, is at its strongest when it emotionalises rational messages or dull positions.

Obstacles to success

And yet, by no means are all storytelling or content marketing campaigns equally successful. In order to understand what makes a campaign effective, I relied on a theoretical frame offered by management thinkers John Marshall and Matthew Adamic. In their article “The story is the message: shaping corporate culture”, published by the Journal of Business Strategy in 2012, they differentiate between four necessities for any strategically developed story to reach and mobilise its audience: a) purpose, b) allusion, c) people, and d) appeal. Their reasoning is that in order to be successful, strategic corporate narratives have to be told with a clear, strategically defined communication target in mind (purpose), have to relate to a company’s history and its shared values (allusion), have to be told by a person and through a medium that the audience respects (people), and should contain an emotional attractiveness (appeal). I asked my interviewees how difficult it is for each of these conditions to be reached within a storytelling initiative, with an answer range from one (very difficult) to five (not difficult).

What we see is that all decision makers find that the biggest obstacle to successful storytelling is a lack of strategic purpose. Marketers have the lowest average here (2.6), followed by the journalists (3.3) and agencies (3.5). Certainly, this has to do with the higher sensitivity of marketers to the strategic fit of a corporate storytelling initiative with the company’s overall strategy. It indicates that storytellers still have a lot of explaining to do. We needn’t assume that storytelling is not strategic per se, but it does not always succeed in explaining internally as well as externally the way in which it contributes to a company’s strategic goals.

Interestingly, all three groups agree that the personal fit of storytelling for readers and for the testimonials in the stories is the smallest problem. This indicates that the media platforms of content

“What we see is that all decision makers find that the biggest obstacle to successful storytelling is a lack of strategic purpose.”



ALEXANDER GUTZMER
Quadriga University, Berlin

Dr Alexander Gutzmer is professor for media culture and communication at Berlin-based Quadriga University. He is also editor-in-chief of the architecture magazine *Baumeister*, and editorial director at the Munich-based publishing house Callwey.

marketing, whether corporate magazine or online and social media tools, are generally accepted. It also shows a general optimism as to whether different target groups can be reached with a suitable content marketing medium.

When we look at companies, the second biggest obstacle is the alignment of a storytelling strategy with the company, its values and historical background. Once more, the marketers are distinctly less optimistic here (average of 3.0) than journalists (3.3) and agency managers (3.7). This shows that concrete stories often don’t fit as well as those inventing them seem to think. Corporate media creatives, therefore, are advised to spend more time in researching the company in question in order to develop stories that really match its corporate background and culture. Good storytelling starts with finding the right corporate soil in which to seed a new story.

Tell me what you really think...

However, successful storytelling not only needs carefully planned and realised stories. It also depends on the different actors involved. That’s why, in my research, I also asked how agencies, journalists and marketers see each other. The results are not always flattering to the different target groups.

When we look at what marketers think of agencies, then their biggest problem does not seem to be a lack of strategic understanding or multimedia competence. It is creativity. When I asked the company managers whether the different fields of expertise present problems when cooperating with agencies, and offered them a scale from one (permanent problem) to five (never a problem), then the measure showed that creativity was more of a problem (2.4) than strategic understanding (3.3) or lacking multimedia competence (3.0). Also, agencies are not seen as overly stubborn or as too much in love

with their own content ideas (3.2). Neither is their acceptance within the company much of a problem (3.8). No, it seems to be that the resource that agencies mostly lack is brilliant ideas.

Regarding the attitudes of agencies, we find that the most pressing difficulty for agencies when collaborating with companies is the latter's perceived lack of creativity or of courage to realise creative solutions. This might not come as a surprise. What is more surprising is the low score when it comes to companies' perceived strategic understanding (2.8). When we compare this to the 3.3 average companies gave to the agencies, then we see that the company representatives I interviewed see agencies as more strategically capable than the agencies see their clients. And, what is more, agencies even see the journalists they collaborate with as more strategically competent than the companies (3.0). Does the tail wag the dog here? Or can we assume that agencies have by now built such a strategic capacity that they really know more about a company's strategic requirements than corporate decision makers themselves? This question cannot be answered in this article.

When we finally pay a closer look to the perception of journalists, then the results show that journalists are no longer the odd ones out in the big game of content marketing. In particular, agencies see them in a rather positive light. The average in terms of their strategic capacity is a slightly reassuring 3.0. Journalists are also seen as competent in terms of multimedia (3.3), and as creative (3.8).

Companies see journalists slightly more sceptically. The biggest problem they find in journalists is not a lack of strategic competence (3.0), nor of missing creativity (2.8, which is, however, a disappointing value); the biggest problem companies have with journalists is the company's own lack of acceptance of journalists (2.5). Apparently, within the companies, the mechanisms of storytelling, which necessarily include external journalists researching stories within

EXECUTIVE SUMMARY

- **Despite the ubiquity of content marketing, not all players agree on how successful content marketing really works.**
 - **But journalist, agencies and corporates are agreed the strength of storytelling lies in its emotional capacity.**
 - **Obstacles to successful content marketing include a lack of strategic purpose and an inability to make a story fit the corporation's history and values.**
 - **Journalists are advised to enter the content marketing process with self-confidence and a strategic perspective.**
 - **Furthermore, without the successful integration of fundamental ethics and concepts form the world of journalism, content-oriented changes in the communication approaches of brands will remain elusive.**
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the confines of the company, are not yet universally understood. A lot of internal explanation work seems still to be necessary.

When we cast a final look at journalists' attitudes, we encounter a certain scepticism regarding their own strategic involvement. Some feel that companies do not value their strategic competence enough (average of 2.8). When we compare this to the attitude of companies towards journalists, we see that companies give a higher rating to the strategic competence of journalists than the journalists themselves believe they deserve. More self-confidence seems to be advisable here for journalists. And even more so as in their practical work, their role is no longer that of mere producers of clearly-defined stories. The majority of journalists involved in content marketing have the role of creative drivers or of strategic sparring partners. This is a good sign. It shows that in the complex creation process of content marketing solutions, those journalists active in the field seem to have finally found their role.

In sum, what we see is that the development of suitable content marketing strategies and the execution of content marketing programmes that create lasting competitive advantages is a highly complex process, the basic mechanisms of which are not yet clearly defined and understood by all participants. There are a number of different players involved, and their respective roles have yet to be clarified. The integration of journalistic ethics and concepts into the world of content marketing is a demanding, yet highly important goal if we are to see real, content-oriented changes in the way companies and brands communicate. ●



Will the real IR officer please stand up?

In recent years, investor relations has become a force to be reckoned with. However, studies show that there is no agreed job description for this function. So how do today's investor relations and capital market professionals see the function's role?

BY KRISTIN KÖHLER



Over the last 30 years investor relations has developed in leaps and bounds. The concept of investor relations was first introduced in 1953 by Ralph J. Cordiner, then chairman of the board General Electric. Cordiner used it to describe communications with the retail shareholders of his listed company. He set up an independent functional unit for it and, in retrospect, his approach shaped not only the concept but also the practice of financial communication. Yet it took over 30 years

for investor relations to establish itself as a management practice and structural element in US companies. If we take a look at Europe we see that the spread of investor relations management practice in capital market-oriented companies took shape at the earliest in the 1980s, and more frequently in the 1990s. Companies in the UK were active somewhat earlier than continental companies due to their cultural affinity to their big brother, the USA.

In the meantime the professionalisation of investor relations in terms of communication with the so-called financial community has rapidly advanced. It begs the question: why did investor relations as a function and as a profession only begin to establish itself in the second half of the 20th century? Joint stock companies have existed since the 15th century and so, too, shareholders as stakeholders in companies. A research project carried out at the University of Leipzig explored how financial communications became institutionalised as a management practice in Germany. It surveyed a total of 80 investor relations managers in corporate enterprises, buy and sell side representatives, ratings agencies, financial journalists, interest groups representatives, finance experts, regulators and legal consultants, as well as scientific representatives. Its findings can act as a best case study for European investor relations professionals wanting to gain a better understanding of this fascinating field.

German companies as best practice?

BASF, Bayer, Daimler, Nixdorf, Siemens, Schering and VW are just some of the German companies that created an investor relations position back in the 1980s. But a real breakthrough came only in the mid-1990s with the increased importance of the capital markets. From that moment, investor relations professionalised incredibly quickly. This not only relates to its spread within German companies or the founding and establishing of the German investor relations association DIRK e.V. as a professional body: investor relations “made in Germany” is viewed internationally as best practice, rewarded with numerous awards and accolades. There are opportunities for further education for investor relations managers, regular conferences, relevant publications and scientific research projects. Professional networks like the IR

Club are popping up in the profession. From zero to 100 in only 30 years – so is everything fine in the world of investor relations?

Not yet. Yes, a profession has developed. But investor relations is still a micro-profession with approximately 1,500 members in Germany. In other European countries except the UK, the numbers are far less. And even in the USA where it all started, investor relations is mostly limited to publicly held companies. However, the National Investor Relations Institute, the largest professional investor

relations association in the world, counts 3,300 members representing over 1,600 companies. What is not clear is the question whether investor relations is related to a department or distinct job position within a company, or is it a function that could be executed by the communications department, or by finance and so on. Although investor relations is closely connected to the company’s equity financing, the job of an investor relations officer is also found in non-listed companies that need, for example, to issue bonds. More far-reaching than the question of growing the presence of investor relations is the understanding of what the profession actually does. We only speak of establishing a profession once it is no longer just an area of specific tasks and activities, but also has a standard job description, a proper admission process and a specific professional culture. In the case of investor relations, this remains debatable.

Investor relations times five

A standard profile for the profession is still an illusion. There are not one, but five different kinds of investor relations: the kind that fulfills the regulatory duty to provide information; as a communication, marketing, or finance function; and finally as an integrated function. The different functions reflect the way the professionals view themselves and how they are perceived by the various capital market players, as well as reflect the role that investor relations plays within the company and in the market (see The Five Types of Investor Relations).

Famous adversaries: communication vs. finance

“Some say investor relations is a bullet point of communications. Others say that it really belongs in strategy or accounting. I think for an external impact it is very, very important to have a one-voice policy

THE FIVE TYPES OF INVESTOR RELATIONS

1. INFORMATION DISCLOSURE: viewed exclusively as fulfilling regulatory requirements. Guidelines are provided by legislation and regulatory authorities, such as stock exchanges and other standard-setters. Financial communication is reactive and follows minimum requirements. An independent IR function in the company or a specific IR profession does not exist with this type of financial communication.

2. COMMUNICATIONS FUNCTION: viewed as part of corporate communications that handles relationships with the financial community and diverse stakeholders. The goal is to develop long-term relationships with all relevant capital market players and ensure a one-voice policy within the company. The IR manager serves mainly as the company’s ambassador in the capital market.

and that it should be managed from a central point in the company" (head of investor relations, at a DAX-listed company). The investor relations manager is viewed along the lines of a communication function, in particular as the company's ambassador in the capital market. This is different from the type of investor relations run by the finance function: "We are not communicators, we are financial experts" (head of investor relations at a DAX-listed company). Here investor relations performs support services for the finance function in a company. The investor relations manager has the primary role of providing information and explaining the numbers. Investor relations in Germany is usually not a subset of corporate communications but is an independent function, or reports directly into finance. There are, of course, overlaps in tasks, such as the organisation of the annual general meeting, production of reports, calibration of messages for financial journalists, or the design of the website and other digital channels. However, there are also companies where investor relations is seen as a superordinate of communications and is settled there within the organisational structure. A one-voice policy for all stakeholders is important and investor relations is viewed as a communication function responsible for the capital market players. In smaller capital-market oriented companies the relegation of investor relations to the communication department is often made because there are simply no resources for broad relationship management with investors.

IR plus: the integrated function

Investor relations is an independent unit within a company that is in sync with the finance and communications functions as well as with strategy, mergers and acquisitions, corporate governance, sustainability and corporate development functions. It also has a distinct



KRISTIN KÖHLER
Chief Executive Officer
Center for Corporate Reporting

Dr Kristin Köhler is chief executive officer of the Center for Corporate Reporting in Zürich, Switzerland. Previously she was a researcher at the Chair for Strategic Communication at the University of Leipzig and project leader of the Academic Society for Corporate Management and Communication, Leipzig.

3. MARKETING FUNCTION:
The goal is to maximise the share price and create a positive image of the company. The capital market and its players are the primary focus, with marketing activities focusing mainly on the retail investor. High profile and image should also boost other areas such as product marketing, employee recruitment and public perception. From a comprehensive marketing understanding (investor relations as salesman) there is a distinction between marketing the equity story and using marketing techniques when approaching investors. In addition, investor relations is viewed as a function to serve the company's customers in the capital market.

internal dimension. "You already see examples where investor relations is not only a communicator but is also a strategic and financial advisor to the management board (buy side representative). Investor relations is perceived as an appropriate point of contact for various capital market players. "I don't see investor relations as the long arm of the chief financial officer pushing around numbers... I also do corporate communications... business development... strategy... You can only cover management's back when you can do more than twist numbers or sing the profit and loss song" (head of investor relations at a DAX-listed company). Investor relations lends significant support to the financing of a company and is therefore directly involved in creating value. Besides being a decidedly external function investor relations is becoming more and more of a strategic unit. That means that it is increasingly brought in as a strategic advisor with knowledge of capital expectations as well as familiarity with the industry and the positioning of competitors. He or she understands the upshot of talks with sell and buy side and enables all of this knowledge to flow into a strategic dialogue within the company. Investor relations also has an educational function: it acquaints operational business units with how the capital markets work and what the demands of shareholders are as owners of the company. Employees can also share in the success of the company through special employee share programmes – and at the same time become aware of the financial and capital market topics that are essential to develop the company.

Who am I?

Of course the various types are not clearly delineated. They correspond to both the current and the historical characteristics of investor relations. Against this backdrop it is difficult to speak about a standard investor relations profession, even though we know that investor rela-



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tions is well-established in (listed) companies of a certain size, no matter what the type. Investor relations usually reports directly to the chief financial officer or chief executive officer; that is to say, it is settled high up in the organisation. There are distinctions based on size of company, capital market affinity, the shareholder structure and capital market experience. When you talk to analysts or investors you often hear that the management board is viewed as the “highest investor relations officer”. This is not surprising because when steering the company through important investment decisions they want to be a force to be reckoned with. The more investor relations is included in strategic decisions or even in the broader executive management (usually in connection with departments like mergers and acquisitions, strategy, corporate governance or corporate development) and have direct access to the chief executive officer, the stronger their standing becomes within the organisation, and consequently in the capital market. However, in practice it functions along the lines of the already mentioned types, often in the role of information provider or voice of the management board.

The impact of capital markets...

The five types of investor relations mentioned here are influenced by the specific composition of the capital market as well as internal factors within the company. Theorists identify the key players as being the buy and sell side, banks, corporate finance advisors, stock exchanges and trade organisations. Legislation has historically imposed increasing regulatory requirements, thereby shaping the capital markets. In retrospect however, investor relations was primarily introduced due to normative pressure. Companies orient themselves according to industry peers, union activities and the demands of analysts and investors. Even when the understanding of investor rela-

4. FINANCE FUNCTION: perceived as a support for the finance function and contributes to refinancing, raising capital and securing the availability of financial means for investment needs. An information balance between the company and its (potential) shareholders can be developed through investor relations activities thereby optimising capital costs. At the heart is the trade-off between shareholder demands and cost-benefit for the company. Investor relations managers assume the role of supplying information and providing insights on the numbers.

5. INTEGRATED FUNCTION: viewed as an integrated function that sets the capital market orientation of the company. It is an independent functional unit within the company as well as a specific profession that links up the finance and communication functions as well as strategy, M&A, corporate governance, sustainability and corporate development. It has a distinct internal dimension. Based on its strategic function and its role as consultant to executive management and other (operational) corporate units, investor relations is perceived as an appropriate first port of call for the diverse capital market players. In addition, it represents the shareholders and acts as a go-between investors and management in clarifying interests.

tions varies – and with it its organisational positioning and the role of the investor relations manager in the company and in the capital market – the alignment with key players can be seen as institutionalised.

...and company interests

Besides the influence of the capital markets, usually company-specific factors are most relevant. Despite outside pressures, companies have the possibility to react individually within the institutional setting. They can use diverse mechanisms or strategies such as gesture politics, exploitation, imitation or negotiation. The type of investor relations found in a company depends on the kind of company itself. The executive board plays a key role. It doesn't make sense for all companies to pursue strategic investor relations as the cost-benefit may not be reasonable (e.g. for bond issuers) or may not be welcome by the board. With increasing professionalisation, investor relations officers can shape their own areas of responsibility and take on a strategic role. The types mentioned here can be a set of tools for communicators that span the breadth of the investor relations practice. Investor relations officers can then position themselves accordingly within the organisation. They can identify development potential and various role profiles emerge that can be used by communications managers for a proactive shaping of investor relations within the company, and for career planning. ●



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“Suddenly people realise that they can’t afford to ignore citizenship and responsibility.”

Throughout her career, Gabriele Zedlmayer has been a passionate advocate for corporate citizenship and sustainability, most recently as vice president and chief progress officer, corporate affairs at Hewlett Packard Enterprises. She spoke to Communication Director about her work, Living Progress and the business case for citizenship.

INTERVIEW BY DAFYDD PHILLIPS





Gabriele speaking at the 2015 European Communication Summit in Brussels

You joined Hewlett Packard in 1987. How have you seen its approach to corporate citizenship grow?

I've seen the company move through many different phases, but corporate citizenship has been embedded into the organisation since the beginning. It was originally woven into the corporate objectives in 1957 and is now intertwined into our business model as the way we operate. We call our approach to citizenship Living Progress, which is how we unite people, ideas and technology to solve the world's toughest challenges. Over the years I believe that Hewlett Packard has been on the cutting edge with its approach to citizenship and has led the way for the IT sector.

What in your opinion are the ingredients that make for a good corporate citizen?

As Dave Packard said in 1947, "The betterment of society is not a job to be left to a few. It's a responsibility to be shared by all." As a company, we have been steadfast in our commitment to conduct our business in a way that also contributes to the betterment of society. We believe companies can address societal challenges in ways that benefit their company while also delivering wider human, economic and environmental value.

In an earlier interview, you said people sometimes mistake citizenship for compliance. Where does compliance end and citizenship begin?

We believe sustainability and citizenship aren't just things to comply with regulations, indices or to mitigate risks. While compliance is essential, it's not going to enable the progress we must make as a society to drive a low-carbon economy. Sustainability and citizenship must be integrated into a company's business strategy. In that way, it becomes grounded as a way that improves your business and the world around you.

Why should companies feel that it is incumbent on them to step up to the role of pushing for human and economic progress?

There are big challenges facing our world, including a rapidly growing population, effects of climate change, economic instability and global health crises, just to name a few. These challenges are interconnected, affecting society and business. We must work to address these challenges holistically. For example, by advancing the health and well-being of people, they are better able to participate in the global economy. When we protect the vital resources of our planet, we improve the well-being of people.

What's the role of a communications leader in helping companies become better global citizens?

There's an exceptional opportunity for leaders and communicators to bring clarity to complex issues, to make the connection to purpose and to inspire action. We live in a time of endless disruptions, so communicators have a big job to break through all the clutter and chaos and put meaning and purpose in the heart of their communications. And, don't forget about transparency – it's important to be authentic and to face your communication challenges head on.

What have you learned from collaborations throughout your career with NGOs such as Conservation International?

The strength of partnerships is absolutely vital if you want to be successful; no one person or organisation can do it alone. We've learned that it's important, in fact imperative, to be clear on all aspects of your engagement - the timelines, deliverables, reviews, approvals, who the stakeholders are and so on. It's also important that you don't concentrate on metrics for metrics sake but rather determine what is most meaningful and focus on measuring that.

NGOs can occupy positions that are critical of corporations. What advice would you give to ensure a good working relationship with NGOs?

As I've mentioned, transparency is absolutely critical. It's important to seek the dialogue, talk with them and work on solutions where they can see themselves embedded in the overall solution. Trouble shows up when you shy away from or try to ignore criticism. And as we've discussed with our partnership with Conservation International, being clear about expectations from the outset will help set you both up for success.

I was especially struck reading about Hewlett Packard's Go West strategy in your supply chain: for example, moving supply centre from eastern to western China when you found that most workers had families in the west. Can you tell us a little more about the importance of supply chain responsibility?

Our Supply Chain Responsibility programme was founded in 2001 and is fundamental to HPE Living Progress. Our supply chain standards enhance the lives of people who make and

deliver our products and services, and extends to responsible sourcing of minerals at the very beginning of our supply chain. They also lead to higher-quality products and help ensure the continuity of our supply lines. We have also expanded the reach of our programme to many nonproduction suppliers. Through our 14-year history of working on supplier responsibility, we have refined systems for collecting and analysing information from many sources to identify new and emerging risks. For example, Hewlett Packard was the first IT company to introduce guidance for the treatment of student and dispatch workers and the first to require direct employment of foreign migrant workers in our supply chain through the Hewlett Packard Foreign Migrant Worker Standard. In addition, we build the capabilities of our suppliers by focusing on workers, investing in their development and empowering them to be involved in improving supply chain responsibility at their sites.

Are western companies doing enough to ensure their supply chains are better integrated with local communities?

We work with our partner factories to participate in a number of positive, community based efforts, often launched by organisations, such as BSR, and industry leading companies such as Disney and Walmart. Examples include HERProject, which is focused on women's health and education; HERFinance, which is focused on financial inclusion; Women in Factories, which works on increasing women's economic mobility; and migrant parent training, which is focused on improving and maintaining relationships between migrant workers and their children. Not only do these programmes positively impact workers in factories, but also the communities in which they live. Our analysis also demonstrates that factories that participate in these programmes

yield higher overall auditing scores, which helps reinforce the link between responsible practices and good business.

“Sustainability and citizenship must be integrated into a company's business strategy. In that way, it becomes grounded as a way that improves your business and the world around you.”

Alongside your responsibilities at Hewlett Packard Enterprise, you've also engaged with social matters in positions outside the company. How do you recommend socially-minded senior corporate professionals like yourself to seek out these kinds of extracurricular commitments?

It takes expertise and commitment if you want to be an effective contributor and you need to be passionate about what

the organisation is trying to achieve. The time commitment is important. If you want to be an effective board member, you need to engage beyond attending board meetings. With JA I'm part of a subcommittee that works to ensure we have the right mix and expertise on the board itself. JA has an important charter to inspire young people to succeed in today's economy and they do such great work. It's absolutely time well spent. It's critical for young people to be exposed to programmes of that nature. In addition to JA, I serve on several other boards including, the board of directors of Hewlett-Packard Germany, member of the EU Commission e-skills leadership board and the Computer Science Advisory Board of the University of People.

You are also president of the Female Customer Advisory Council at Hypovereinsbank Unicredit, which helps promote socio-political and financial discourse at the Bank. To what extent is the development of women's presence in the corporate landscape an important part of corporate citizenship as a whole?

Part of good corporate strategy is being a good corporate citizen. And I believe more women need to be in the management and leadership roles of organisations. Fundamentally, women and men think differently, make decisions differently, consider differently. The world needs a balanced view that can only be achieved with women in decision-making positions. Otherwise it gets too one sided. And I'd also say that diversity is broader than just the focus of more women needed in the mix. A very recent example of our commitment to diversity is exemplified in how we created the two new boards for HP Inc. and Hewlett Packard Enterprise. We set out to find the most experienced, global-minded and diverse members to help each company win in their particular markets. Those boards truly reflect the market place, and I believe without that diversity too many filters get lost and we don't tackle the tough issues businesses are faced with today.



GABRIELE ZEDLMAYER

Gabriele Zedlmayer drives HPE's Living Progress initiatives that help improve the communities we serve aligned with HPE's business strategy. She leads a global team of experts focused on solving social and environmental issues in collaboration with non-profit organisations, governments, customers and partners. Her goal is to create solutions that improve communities and advance human, economic and environmental progress. Gabriele serves as a member of the board of directors of Hewlett-Packard GmbH Germany. She is president of the Women's Council of HypoVereinsbank Unicredit and a member of the EU Commission e-skills leadership board, the Computer Science Advisory Board of the University of People and Junior Achievement Europe, Middle East and Africa (EMEA), the World Economic Forum's Council on Social Innovation and the Corporate Advisory Group of the We Mean Business Coalition. In 2011 she was honoured by Newsweek and the Daily Beast as one of 150 Women who Shake the World. In 2012 she was named by FastCompany as a member of the League of Extraordinary Women and was awarded with the DLDWomen Impact Award.

“I believe without that diversity too many filters get lost and we don't tackle the tough issues businesses are faced with today.”

Looking back on your career, what have been the major changes in the field of corporate citizenship and responsibility during your professional life?

One of the major changes is that over time companies have come to understand that business can come to a halt for non-compliance. It also becomes an employee engagement and corporate branding issue. But even more than compliance, as we talked earlier, there's another shift happening – and that's that companies are realising there's a business case for citizenship that applies to both the public and private sector. In fact, the US government is on the cutting edge with their sustainable procurement methodology - you can run various products through their methodology to determine the total cost of ownership. Our Moonshot server was recently put through this methodology to evaluate the externalities with sustainability and incorporating those into the cost decisions. The results were incredible – conservative estimates show using the

HPE Moonshot server, the “estimated” savings of four per cent would mean taking six million cars off the road for one year, or the equivalent of eight coal plants operating for one year. Suddenly people realise that they can't afford to ignore citizenship and responsibility. ●



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Turning values into value

Ben & Jerry's looks to achieve innovative ways that the business can use its many resources to create positive social change in the world.

BY ROB MICHALAK



Our co-founder, Ben, would often say, “Why leave your values at the door when you go to work?” Good point. Since business is arguably the most powerful force for change in the world, a good value system seems to be a sage idea. Good for the world and good for business. Our research tells us that our Ben & Jerry's fans, who know and understand our values-led business model, are more than twice as loyal as those that don't know about it. We also understand that the millennial generation favours authentic, purpose-driven businesses and are twice as loyal to us as they are to other companies. We want a progressive set of values to drive our business and the decisions we

make on a daily basis. We want our business model to create progressive change throughout our value chain. We know that people have deeper, more loyal connections to businesses that have shared values. They will stick with those companies longer, through good and bad times, helping to smooth out any rough patches along the way. We've seen that during the dramatic moments in the global economy over the past decade.

When we consider the current global trends – climate change, wealth consolidation, political unrest and migration – we need to work from a solid set of values to move in a positive direction. From the very beginning, we've understood that business must be much more than the financial bottom line; that values lead to value. Businesses are a part of the community and must be engaged within the community to create positive change. We aspire to be a company that, in the face of climate change and growing social inequities, takes responsibility for our part in creating solutions to the issues that face us all such as reducing our own carbon footprint, addressing the unjust consequences of climate change throughout our value chain and helping to reshape public discourse around the issues of equity, race and class. We aim to contribute to a renewed political landscape in which fundamental policy change to address root-causes of inequality is possible and achieved.

In 1978, when we first opened our doors as an ice cream parlour in Burlington, Vermont, we wanted to be an active, engaged part of the community. By 1988, when we were 10 years old, our business was growing and so was the community in which we did business. And the way we wanted to conduct our business had evolved into something more. By then, we realised that we needed to write down our conviction that business could be a positive force for change. And so, in 1988, we created one of the first corporate mission statements that included a social mission alongside the economic and product missions.

“Our co-founder, Ben, would often say, ‘Why leave your values at the door when you go to work?’ Good point.”

That vision is captured in the preamble of our three-part mission statement, that we are, “dedicated to a sustainable corporate concept of linked prosperity.” We've been working on what “linked prosperity” means ever since. The idea is as simple as it is radical: as the company prospers, all those touched by the company must also prosper, including employees, suppliers, customers, and communities. A simple idea, but it takes a lot of work by a lot of people to make it happen.

You could think of linked prosperity when considering how it benefits people through some of our more well-known examples: our livable wage policy; ongoing support for family dairy farms, supporting small-holder agricultural producers by purchasing Fairtrade-certified ingredients and values-led sourcing partnerships such as with the Greyston Bakery in Yonkers, New York, where they hire people with barriers to employment and empower them with skills training, a renewed sense of dignity and a paycheck at the end of the week. Or you could think of linked prosperity as benefitting the planet we share by supporting sustainable forms of agriculture. No matter how you think about it, it's all linked.

A quarter-century after pioneering socially responsible business practices, we were excited to join the B Corp (Benefit Corporation) movement in 2012. Ben &

Jerry's was the first wholly-owned subsidiary in the world, with full support from our parent company, Unilever, to gain B Corp certification. B Corps are a new type of corporation that uses the power of business to solve social and environmental problems. It is growing exponentially with certified B Corps joining the movement around the world.

Today, we continued to explore what a sustainable corporate concept of linked prosperity means, in all its forms. But we are not just exploring a theory; we are finding practical ways throughout our value chain to implement business decisions that manifest our best aspirations. Inside and outside of Ben & Jerry's, we challenge ourselves to keep developing and implementing new ways that linked prosperity can create more positive outcomes by the way we choose to do business.

We recently went through a comprehensive process of mapping out our five year vision for what we want to accomplish, which sets a direction that will carry us well beyond 2020. We came to the understanding that we need to deeply focus Ben & Jerry's on two overarching priorities: climate justice and social equity. The two intersect in profound ways. The work that we do as an agriculturally-based business, sourcing ingredients from the global north and south, selling ice cream around the world, compels us to address climate justice and social equity and deliver some significant results.

Globalisation

When you take an honest look at the global economy of the twenty-first century, what is often referred to as a ‘free market’ is no such thing. In the last few decades, it has been warped through national policies and trade agreements into a system that benefits the few at the expense of the many. The result is that the disparity of wealth in the world is now greater than at any time in human history, with those at the top living lives

of luxury and outrageous excess while billions in the world live in abject poverty.

At the same time, the industrial food system in the developed world, while extremely productive, is deeply implicated in a wide range of serious social, environmental, and economic problems that cannot be ignored in the long run. Some new technologies and processes in the industrial food system also present risks to human and environmental health that are not well understood and that may not be worth the potential benefits. The list of these problems and risks is long, including:

- Global climate change. Agriculture, including animal husbandry, is a major source of global greenhouse gas emissions and contributes to deforestation.
- Loss of biodiversity. Croplands encroaching on critical natural areas and other agricultural impacts are a major cause of the massive species extinction event the planet is currently experiencing.
- Loss of agricultural genetic diversity – accelerated by the advent and dominance of genetically engineered crops.
- Incomplete understanding of environmental, economic and health impacts of transgenic plants and animals, nanotechnology, and other novel ‘food technologies’ – in some cases without strong regulatory frameworks.
- Fresh water scarcity; aquifer depletion; disruption of marine ecosystems; and degradation of surface water quality due to excessive irrigation, and overuse of nitrogen and phosphorus inputs.
- Critical loss of topsoil through annual cropping.
- Human rights violations, economic exploitation, poverty, and dislocation among migrant workers and rural communities.
- Destruction of rural communities’ economic and social fabric.

ABOUT BEN & JERRY’S

- **Founded by Ben Cohen and Jerry Greenfield in 1978 with the opening of an ice cream parlour on May 5 in Burlington, Vermont, United States.**
 - **The use of chunks in Ben & Jerry’s ice-cream is popularly attributed to Ben Cohen’s anosmia, a lack of a sense of smell or taste: he relied on texture to provide variety and intense flavours to his diet.**
 - **In 1988, the two men were awarded the title of U.S. Small Business Persons of the Year by U.S. President Ronald Reagan.**
 - **The top five flavours of last year were (from five to one): Phish Food, Chocolate Fudge Brownie, Chocolate Chip Cookie Dough, Cherry Garcia, and Half Baked (a combination of brownies and cookie dough).**
 - **The Ben and Jerry’s ice cream factory has an onsite ice cream graveyard with the graves of past ice cream flavours. Favourite flavours can be resurrected from their grave to be brought back into stores.**
-

What does it mean?

Our company is a participant in both the global economy and the industrial food system. So, to tweak an old saying, since we are a part of the problem, we must seek to be a part of the solution. At a minimum, we have a responsibility to understand the social, economic, and environmental impacts of our business practices and seek ways to minimise, mitigate, or avoid the negative impacts that are associated with them. But to fully meet our own vision, we must seek to use our company to support different approaches to global trade and agriculture that challenge the current paradigms; that aim to be truly restorative; and that promise to create social, economic, and environmental benefits in the world. And, because our company is small, one of the most important roles we can play is to become a vocal and unwavering advocate for serious reform of the global economy and the industrial food system.

We can achieve much throughout our value chain by sourcing our ingredients in ways that confront climate change and social equity. We call it “values-led sourcing.”

Values-led sourcing

I. Caring Dairy™: We know that dairy farming has a significant impact on climate change. We are working to identify on-farm technology and management systems to reduce dairy farming’s impact on the environment. We’ve been working with dairy farmers in Vermont and the Netherlands for many years to help them push towards the leading edge of sustainable dairy practices. Now, our global Caring Dairy™ programme offers our farmer partners a practical framework for understanding, evaluating, and improving the sustainability of their dairy operations. The Caring Dairy™ programme is based upon an easy-to-use web based self-assessment tool, which enables farmers to evaluate their farm against a com-



ROB MICHALAK
Global Director of Social
Mission Ben & Jerry's

Rob Michalak is the global director of social mission for Ben & Jerry's. Rob sits on Ben & Jerry's global leadership team and is the lead advocate at Ben & Jerry's to keep its social mission in balance with the company's product mission and economic mission. Rob has been with Ben & Jerry's twice. His first role at the company was as its public relations czar from 1989-1998. He came back to the company to serve as its social mission director starting in 2006. Before that, and in between his Ben & Jerry's days, Rob worked in broadcast media holding a variety of jobs in news, public affairs and independent productions.

prehensive set of economic, social and environmental criteria, or "sustainability indicators," for farming. Leveraging the results of the self-assessment, we then help each farmer develop a unique action plan to improve his or her practices in the identified areas. In exchange for participating, Caring Dairy™ farmers get a premium for their effort.

2. Fairtrade-certified ingredients:

All of our products around the globe were fully Fairtrade certified (with the exception of our ice cream bars because of low production volume). To be clear, this means that all of our products (except our bars) meet the specifications required by Fairtrade International to

carry the Fairtrade Certified seal. This does not mean that every ingredient (there are about 140!) in our products is sourced from Fairtrade producers. While all of our key commodities, which make up the bulk of our product, are traded in compliance with Fairtrade standards, there are still a few ingredients, such as certain spices, nuts and fruits, that we are unable to source from Fairtrade farms either because they are not available or don't meet our specifications. (And, we should note, dairy does not fall under the Fairtrade programme.)

In light of those ingredients we cannot source Fairtrade, we created the Producer Development Initiative (PDI) with our partner, Fairtrade International. The PDI intends to build and strengthen the supply chain for Fairtrade producers. We continue to develop the PDI to help Fairtrade producers truly realise sustainable livelihoods. We've mapped our Fairtrade supply chain to identify areas for improvement such as adapting to climate change, improving yields and capacity, diversifying, among other initiatives.

“To fully meet our own vision, we must seek to use our company to support different approaches to global trade and agriculture that challenge the current paradigms.”

3. Non-GMO conversion: All of our ingredients sourced for our North American production are non-GMO ingredients, by seed source. Since we've been sourcing non-GMO ingredients by seed source in Europe and Asia for several years, we are proud to report that all of the ingredients we purchase are non-GMO by seed source (except for our ice cream bars, which, again due to low production volume, were not part of the conversion).

Measuring what matters

Transparency is increasingly important. Ben & Jerry's has been issuing public reports on our social and environmental activities since our 1988 annual report. Currently, we are using a model of metrics that we call our Quality of Results (QoR) framework to measure our performance in key priority areas.

The QoR measures specific goals for our social and environmental performance within 14 priorities of our business. We also engage a third party to provide assurance that we are doing what we say we're doing. In recent years we have been using Moss Adams LLP, an independent accounting firm based in Seattle, Washington, to review specific QoR indicators that Ben & Jerry's sets as priorities for the year.

Going forward, we plan to test some adjustments to the QoR framework to better assess our impact on people and the planet, as well as our practices and progress. We plan to raise the bar for current QoR indicators, set annual targets for Social Mission initiatives and clarify indicators of success and how we can continue to improve upon our linked prosperity business model where we continue to turn values into value. ●

The unwritten contract in corporate governance

Companies that demonstrate trust in their employees and managers can find unexpected benefits along the way.

BY DAVID F. LARCKER AND BRIAN TAYAN



The role of trust

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orporate governance systems exist to discourage self-interested behaviour. Although shareholders would like organisational participants—employees, managers, executives and directors – to work toward a shared goal of increasing corporate value, in reality each has individual interests that influence how they make decisions on a day-to-day basis. To economists, this is fundamentally an incentive problem: the incentive to work for one's own benefit is stronger than the incentive to work for the firm's benefit. The solution is to create a system – through contracts, controls and procedures – that

“A corporate governance system based on trust might be more cost-effective than one built on elaborate controls and procedures.”

corrects this imbalance by aligning the interests of insiders with those of shareholders and encouraging insiders to take actions that benefit the organisation as a whole and not just themselves.

An overlooked question is how extensive this system should be. The degree to which a company requires rigorous controls depends on the degree to which

Although economists, psychologists and sociologists use different definitions, fundamentally “trust” is having certainty about how another person will act. In a corporate setting, a trusting manager knows that his or her employees will work diligently and in good faith to meet their commitments and a trusting employee knows that a manager will adhere to agreed-upon standards of oversight. Trust replaces the need for a written contract because these two parties commit in advance (implicitly or explicitly) to abide by a set of actions, behaviors, or norms that are mutually beneficial. Trust substitutes for rigorous controls because these controls become redundant.

An important presumption in the research literature is that relationships based on trust are more productive than relationships based on contracts. In *Trust and Distrust in Organizations* (2004) Roderick M. Kramer and Karen S. Cook outline the many reasons why this is so. First, it is impossible to write a contract that specifies all behaviors. A contract to prevent self-interested behavior must necessarily be incomplete because it cannot anticipate all manifestations of self-interested behavior. By contrast, both parties in a trusting relationship generally understand the limits of acceptable behavior even when these are not fully specified. Second, an emphasis on contracts can cause employees to “work to rule.” Strict enforcement of the terms of a contract has the unintended consequence of emphasizing the minimum amount of work required for an employee to satisfy his or her obligations and avoid punishment. A contract can therefore reduce, rather than increase, productive effort. Third, trust creates a more predictable environment and predictable environments are less costly. From an economic perspective, a “risk premium” is required to deal with uncertain behaviour. Supervisors must put additional effort into monitoring employee actions and employees must exert additional ef-



self-interest exists in the organisation. A look at governance systems today suggests that self-interest is high because the list of governance requirements is extensive. Companies spend tens of millions of dollars annually on incentive compensation, director salaries, audit fees, internal auditors and compliance efforts to satisfy a long list of rules, regulations and procedures imposed by legislators and the market. Would corporate governance improve if companies instead had fewer controls? Would shareholders be better off if organisations instead demonstrated more trust in employees and executives?

fort to demonstrate that they are compliant with the firm's standards. When trust is introduced into the environment, the motivations of each party are known ("certain"), their behaviors are predictable and the "risk premium" is eliminated.

For these reasons, a corporate governance system based on trust might be more cost-effective than one built on elaborate controls and procedures. However, in order for this to be true, self-interest within the organisation must be low. It must be understood and accepted by both parties that each will elevate organisational interests above self-interests. Employees have to know that they will receive market-competitive rewards for meeting their obligations to the firm and governance monitors have to know that they can trust the actions and motivations of employees. To build trust, a combination of structural and cultural changes is required.

Once established, a high-trust governance system allows for the reduction or elimination of many of the costs, controls and procedures that characterise today's governance systems. In the extreme case (utopia), the following could occur:

- *Board of directors.* The responsibilities of the board of directors could be significantly narrowed. Rather than balance advisory and monitoring obligations, the board would focus entirely on advising management on matters involving strategy, organisational design and risk management. Board-related compensation, which averages two million dollars per year among mid-sized companies, would be greatly reduced.

- *External audit.* The external audit could become largely unnecessary. Rather than sample a large number of accounts for material misstatement and check internal controls for deficiencies, the external auditor would serve a much narrower role of clarifying the application of accounting standards when ques-

CORPORATE GOVERNANCE

- **Corporate governance structures and principles demarcate the distribution of rights and responsibilities among different players in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and includes the rules and procedures for making decisions in corporate affairs.**
 - **Interest in corporate governance increased following the high-profile collapses of a number of large corporations during 2001–2002, most of which involved accounting fraud; and then again after the recent financial crisis in 2008.**
 - **Some European countries, such as Germany and the Netherlands, require a two-tiered board of directors as a means of improving corporate governance. In the UK and US, the so-called "Anglo-American model" of corporate governance relies on a single-tiered board of directors that is normally dominated by non-executive directors elected by shareholders.**
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tions arise. Audit fees, which average 3.9 million dollars among publicly traded companies, would therefore also be greatly reduced.

- *Internal audit.* The internal audit function could also become unnecessary. Companies would not require an independent assessment of their accounts, controls and procedures because employees would be trusted not to abuse the system. Instead, the finance department would employ a small staff of personnel to check accounts for inadvertent errors. Headcount in the internal audit department, which averages seven to fifteen auditors in a typical organisation, would shrink.

- *Executive compensation.* Compensation contracts could be simplified. Most companies today offer a complicated programme of fixed and contingent payments that vest over short- and long-term time horizons to motivate specific employee behaviors. In a trust-based environment, an elaborate programme becomes unnecessary. Companies would also no longer have to pay the risk premium associated with contingent (risk-based) pay. Instead, companies would offer large fixed salaries, potentially supplemented with cash bonuses for achieving critical performance metrics. Equity programmes, which require a larger risk premium relative to cash programmes, would be scaled down or discontinued.

- *Compliance and legal.* Finally, companies could eliminate many of the bureaucratic checks and controls that are often implemented to prevent and detect legal or regulatory violations. Instead, employees would self-monitor, with line managers responsible for reporting inadvertent legal or regulatory missteps to higher level executives.

Several examples exist of companies that demonstrate trust in their employees and managers, and each benefits from the types of cost reductions outlined above. For example, Berkshire Hathaway is renowned for granting considerable autonomy to the operating managers of its various businesses. This allows the com-



DAVID F. LARCKER
Stanford University

Professor David Larcker is the director of the Corporate Governance Research Initiative at the Stanford Graduate School of Business and senior faculty of the Arthur and Toni Rembe Rock Center for Corporate Governance at Stanford University. Professor Larcker was previously the Ernst & Young professor of accounting at the Wharton School of the University of Pennsylvania and professor of accounting and information systems at the Kellogg Graduate School of Management at Northwestern University.

pany to maintain an extremely modest headcount of only 24 staff at company headquarters, despite having 288,000 employees worldwide. Real estate company Keller Williams maintains a strict “open books” policy. All agents within the company’s market centers have access to detailed information about the office’s revenues, commissions and costs. This reduces opportunity for theft, waste, or special dealings; and also the need for a robust internal audit department. Finally, Netflix is known for maintaining a high-performance culture rooted in the concept of “freedom and responsibility.” Employees are expected to work hard, take ownership and put the company’s interests ahead of their own. In return, the company offers top-of-market salaries equivalent to the combined value of the salary and bonus offered by other

firms. Netflix does not offer incentive bonuses and equity compensation is only granted to employees that request it as a portion of their compensation mix.

Still, a company that adopts a high-trust governance system cannot entirely eliminate the risk that its trust will be abused. The downside is potentially amplified because the company will not have effective controls in place to deal with the breakdowns when they occur. Such a situation might have occurred at Johnson & Johnson, which historically has maintained a highly decentralised management system. In 2009, this structure was challenged when the company issued the first of what eventually became three dozen product recalls due to faulty manufacturing in its consumer healthcare division. A Fortune magazine article blames the recalls in part on “a wrenching cultural change and a quality assurance department that crumbled as mistakes were overlooked.”

Why this matters

Research suggests that companies might benefit by raising the level of trust in their organisations. High-trust settings are characterised by lower bureaucracy, simpler procedures and higher productivity. Would shareholders be better off if companies had fewer formal corporate governance requirements and instead devoted greater effort to fostering trust?

Furthermore, prominent corporate failures in 2001 (Enron, WorldCom, etc.) and 2008 (Lehman Brothers, AIG and so on) ushered in an increase in regulatory requirements for corporate governance. However, the standards they imposed on board structure, internal controls and compensation were designed with the worst offenders in mind. Is it cost-effective to impose these same standards on all companies? Should average companies be presumed to be more “trustworthy?”

Finally, in order for a trust-based governance system to work, companies must first develop a culture that discourages

self-interest. How should executives and directors go about achieving this? Is a reduction of self-interest possible in all industries, or are some industries inherently more likely to attract individuals who put their own interests first? Are CEOs of a certain personality type more capable of developing trust? ●



BRIAN TAYAN
Stanford University

Brian Tayan is a researcher at the Corporate Governance Research Initiative at Stanford Graduate School of Business. He has co-authored two books, *Corporate Governance Matters* and *A Real Look at Real World Corporate Governance*, in collaboration with Professor David F. Larcker. Previously, Brian has worked as a financial analyst in the Office of the CFO at Stanford University and as an investment associate at UBS Private Wealth Management in San Francisco.

Setting standards for progress

Is it a bird? Is it a plane? Companies give more to society than just products and services. To maximise positive impact, it is crucial that these benefits are communicated effectively to employees and the wider community.

BY ROMA BALWANI

The natural resources industry is one of the key contributors to modern society as, without raw materials, the lifestyle that so many of us enjoy today would not be possible. The resources we bring to the market have a myriad uses, creating the basic building blocks of society: iron ore is used in transport networks and building infrastructure; copper is used to connect people through telecommunications and in lifesaving medical devices, and aluminium is used across diverse products, including food packaging and as a lightweight material for automobiles, reducing fuel emissions. Furthermore, we generate electricity that lights the lives of millions of people and our crude oil is an essential component of thousands of secondary products.

Through the contributions we make to the exchequer, our presence facilitates the role of governments to deliver appropriate infrastructure and valuable services to societies. The scale of our operations also makes us a major economic contributor through the flow-on effect of our activities. By sourcing products and services locally, we generate significant economic activity and promote the development of local skills and job creation. This is particularly relevant as the majority of our operations are in the developing world and we are committed to enabling the sustainable development of these societies.

The natural resources sector is inherently sensitive with a large number of affected groups, ranging from employees and shareholders to local communities and environmental groups. Resources companies therefore carry with them a significant range of constantly evolving risks. To mitigate these they must develop robust processes and systems while simultaneously balancing the relative risk/reward equations expected by their stakeholders. As economic headwinds persist, the spotlight will remain on the



industry, which will be expected to proactively engage its stakeholders while making improvements to existing financial structures.

At Vedanta we foster an environment which encourages teams to constantly benchmark and adopt best-in-class practices, such as the company's community development programmes that enrich our host communities. We make sure that our actions and policies are not only law abiding, but also in line with the highest levels of business ethics and personal integrity. Our stakeholders expect us to maintain the highest ethical standards and to fulfil our commitments. As India's leading diversified natural resources company, we endeavour to live up to our reputation and stakeholder expectations.

Protecting our social licence to operate has always been a key priority for Vedanta and we are aware that our actions influence the global view not only of Vedanta, but also of India. It is an exciting time for the world's largest democracy. Prime Minister Modi's government continues to drive reforms to make India an easier place to do business by opening up the country to foreign investment.

Sustainable development is a core element of our guiding strategy and supports our growth as a diversified natural resources company. Our Sustainable Development Model reflects our strategy to commit, connect and care, with its pillars of responsible stewardship, adding and sharing value, building strong relationships and strategic communications. This model reflects our dedication to transparency and to engaging in meaningful dialogue with all of our stakeholders. It is integral to our core business strategy and helps us conduct our business in line with our key values of trust, entrepreneurship, innovation, excellence, integrity, respect and care – whatever the jurisdiction.

“We make sure that our actions and policies are not only law abiding, but also in line with the highest levels of business ethics and personal integrity.”

This includes activities that we undertake across our operations to ensure the health and safety of our people, how we make valuable economic and social contributions to communities and regions where we operate, and how we manage our environmental footprint.

We continue to implement sustainability controls through a robust audit framework; the Vedanta Sustainability Framework which is aligned to IFC, ICMM and OECD standards. We work with think tanks and institutional bodies on developing these standards, including structured programmes on reducing water, energy and carbon consumption.

We endeavour to integrate our sustainability objectives into our long term planning. Our businesses seek to identify and minimise any potentially negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. Establishing and maintaining close links with stakeholders is an essential part of our journey as a sustainable business.

Our active engagement and deep understanding of the countries, communities and environments where we operate, combined with our Tier 1 assets, forms the foundation of our business strategy, and positions our group to create value for our shareholders and other stakeholders. Vedanta places special emphasis on ensuring that communities' rights are protected at all times, and engages with local people through meetings, public hearings, grievance mechanisms, cultural events and philanthropic activities. We conducted over 4,600 village meetings during the last financial year, which gave local communities the opportunity to voice their opinions and concerns.

We have consolidated the best practices of community development, aligning these with Vedanta's business imperatives to create a social licence to operate strategy. Our approach to community development is holistic, long-term, integrated and sustainable, and is governed



by two key considerations – the needs of the local people and development plans which are in line with the UN's Millennium Development Goals. We are now in the process of aligning our community development programmes with the UN's Sustainable Development Goals.

Structured community development programmes continue to operate at various locations. At Vedanta, the board level Corporate Social Responsibility Committee monitors the focus areas of CSR activities, budgets and programmes undertaken by our businesses. In 2015, we completed our most comprehensive, structured and collaborative community needs assessment exercise in India, reaching every village in the vicinity of our operations. In this way, we help local communities identify their priorities through needs assessment programmes, then work closely with them to design programmes that seek to make progress towards improving their quality of life.

Communicating sustainable governance

The strength of a company's corporate governance framework relies on the extent to which it is communicated clearly, effectively and continuously, both throughout the business and to the outside world. Vedanta has always been a responsible corporate citizen, but in the current climate there is a need to re-define how we communicate our policies, procedures and initiatives outside the organisation. Through comprehensive and continuous engagement with our stakeholders, we assure them that the company is meeting all the legal, social, financial and other requirements expected of a leading global mining company.

At Vedanta, we believe that our people are our most powerful brand assets. Powerful brands aren't built only by the products they produce, but by the employees who are the engaged and committed resources within any organisation. The challenge for us is synergising the

VEDANTA

- **Vedanta Resources plc (LSE:VED) is a global diversified natural resources company headquartered in London, UK, and has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, Australia and Sri Lanka.**
 - **Its subsidiary, Vedanta Limited, is India's only diversified natural resources company. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil and gas and commercial energy.**
 - **The company was founded in Mumbai in 1979 by Anil Agarwal, who is also its executive chairman and was first listed on the London Stock Exchange in 2003.**
 - **Vedanta or Uttara Mīmāṃsā is one of the six orthodox schools of Hindu philosophy. The word 'Vedanta' originates from the Vedas, the ancient scriptures of India. 'Vedanta' means 'ultimate knowledge'.**
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company's values with our employees, so that we can use their individual talents to help meet our broader corporate objectives. It is critical that we help employees to understand the way in which they impact the company's brand when exhibiting behaviours that run counter to their promise.

Vedanta's Code of Business Conduct and Ethics is an overarching set of principles designed to address human rights, insider trading and confidentiality, fraud, bribery and corruption. Our leadership

team took the initiative to instil the code's principles into the group's workplace and culture. More than 2,000 employees have attended our chairman's workshop over the past five years, while our chief executive visits operations around the world on a regular basis, hosting feedback sessions and forums on local issues including welfare, gender diversity and safety.

Our robust internal communication strategy engages with our people through in-house newsletters, journals and strategic messaging from the chairman and chief executive. Vedanta's employee education programmes and feedback mechanisms involve employees in decision-making, engendering a sense of empowerment and ownership. The aim is to make employees aware of brand values, and for every individual to deliver on the corporate brand promise in a way that's authentic, and that imbues the corporate identity with what ignites them and makes them exceptional.

Research shows that a diverse team brings differing perspectives and delivers better results. Vedanta remains committed to a series of diversity targets, which we have developed in line with our Sustainable Development Model and which includes boosting female representation at board level to 25 per cent. Several appointments in recent months have underlined Vedanta's commitment to diversity within the organisation, including at the most senior levels.

Vedanta's communications activities include press releases on key developments; meetings between senior executives and institutional investors, analysts and brokers; site visits by institutional investor representatives, analysts and brokers; and ongoing dialogue with shareholders and other interested parties.

Communicating during the commodity crunch

While Vedanta has made great strides towards better communicating the strength of its corporate governance

initiatives, public expectations of global businesses have never been greater, and we are increasingly seeing companies held accountable for irresponsible and opaque practices around the world.

Delivering on these expectations is about more than just ticking the right box and adhering to a set of rules and regulations. It's about embedding a culture of responsible behaviour throughout an organisation and encouraging full, transparent and ongoing dialogue, both internally and externally with stakeholders.

At a time of great global economic uncertainty, when shareholders, authorities, the media and the general public are demanding a higher standard of corporate governance and social responsibility than ever before, we aim to stay ahead of the curve and over-deliver on our commitments through ongoing engagement.

The annual general meeting remains the primary meeting point for shareholders and typically involves full and frank discussions on a variety of topics. But the AGM is only the starting point. In today's economic environment, it is critical that there is an ongoing dialogue with shareholders, analysts and the investor community. Our chief executive regularly meets with institutional investors, analysts, brokers and fund managers to ascertain their views on a wide range of issues affecting the company. Our executives and management also meet proactively with other key groups including civil society organisations, media and industry associations, to increase awareness about our business, explain our point of view and answer queries.

Tax transparency has been a topical issue in recent years, particularly for global companies with operations covering multiple tax jurisdictions. We published our first voluntary tax transparency report earlier this year, showing the contributions we make to the exchequers of countries in which we operate. The publication of the report reflects our view that transparent financial reporting is critical to our reputation and licence to operate, and provides our stakeholders

with detailed information about Vedanta's economic contribution to the countries we operate in.

Vedanta's Annual Report doesn't just address mandatory requirements, but reports sustainability in an effective way, and makes our commitment to social and environmental responsibility absolutely clear. The Annual Report is accompanied by the Business Responsibility Report. Vedanta's sustainable development activities are published in the company's Sustainable Development Report, which is distributed to our stakeholders and is also available on our website.

“It's about embedding a culture of responsible behaviour throughout an organisation and encouraging full, transparent and ongoing dialogue.”

In March, to further promote engagement with the analyst community, a Capital Markets Day was held in London where a corporate and financial overview of the company's various businesses was presented. The event was attended by several members of our management team and our investing community. We held our first Sustainable Development Day in London this July, which brought the company's leadership and chairman together with socially responsible investors. Our chief executive, sustainability chairman and the chief executives of our various businesses discussed how the company puts its sustainable development model into practice, including case studies from our operations on the ground.



ROMA BALWANI
President, Group Sustainability,
Corporate Social Responsibility
and Communications, Vedanta
Resources

Roma Balwani is responsible for driving sustainability, corporate social responsibility and communications as a strategic function at Vedanta. Prior to joining Vedanta in 2014, she headed communications at Indian companies such as Mahindra & Mahindra Limited, and global firms such as UK-based travel portal ebookers.com. In a career spanning more than 30 years, she has received several prestigious communications awards and this year she has the distinction of being included in the 50 Most Talented Sustainability Leaders list by World CSR Congress.

Our stated core purpose is: “Vedanta is a globally diversified natural resources company with low cost operations that empowers its people to drive excellence and innovation to create value for stakeholders. Vedanta demonstrates world-class standards of governance, safety, sustainability and social responsibility”.

Perhaps the best description of Vedanta's DNA is Michael Porter's definition of shared value: “Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared Value creation focuses on identifying and expanding the connections between societal and economic progress”. ●

The evolution of corporate reporting



The journey to a new style of reporting on social and environmental initiatives

BY CAROL A. ADAMS

A key challenge in communicating an organisations' corporate social responsibility initiatives is making those initiatives sound like they matter to the organisation. That requires an understanding that they do in fact matter and that they are more than just a nice to have.

All too often social, community and environmental initiatives are written up as case studies, as positive things to do with a smattering of public relations fluff thrown in to emphasise how good the company is to do them. Not very convincing, and it also misses the point that doing good is essential to an organisation's success.

Being responsible is essential to the organisation's success

Why is socially and environmental responsibility essential to an organisation's success? Well, no organisation can survive without good relationships with its communities, customers, people, suppliers and other stakeholders. Building those relationships involves building trust (hence the need for accurate, purposeful reporting) and creating value for a broad range of stakeholders.

Economist Milton Friedman famously said that the role of business executives is "to make as much money as possible while conforming to the basic rules of the society" (New York Times Magazine, September 13, 1970). Since his time, the basic rules of society have changed and organ-

isations that don't treat people and the environment responsibly have suffered significant reputational damage and financial losses.

Clever – and successful – organisations are recognising this.

Paul Polman, Unilever's chief executive officer, has made a clear connection between long term business success and tackling social and environmental issues:

"The biggest challenge is the continuing threat to 'planetary boundaries'; resulting in extreme weather patterns and growing resource constraints. These have increasing impact on our business (...) We remain convinced that businesses that both address the concerns of citizens and the needs of the environment will prosper over the long term... As [the Unilever Sustainable Living Plan] becomes embedded, there is growing evidence that it is also accelerating our growth." (Unilever annual report and accounts 2012)

This is not an isolated statement. There are a number of things in Unilever's annual reports that make the company stand out as a leader in connecting business success and value for investors with value for society. The 2013 annual report succinctly captures the moral and business imperative for thinking in a holistic, integrated way: "Business needs to be a regenerative force in the system that gives it life". It all stems from Unilever's vision to double the success of its business while reducing its environmental footprint and increasing its positive social impact, so there is a consistency across these statements.

The vision and strategy are backed up with hard data and targets. There's alignment with vision and strategy and a powerful visual putting sustainable living at the centre of their business model. This demonstrates that social and environmentally responsibility is integral to Unilever's success and that the reports comply with the 'five essentials to communicating corporate social responsibility'.

WHAT MAKES A GOOD CORPORATE SOCIAL RESPONSIBILITY COMMUNICATOR?

- Knowing when and how to use social media
- Having good relationships with those collecting and analysing social and environmental data and the rest of the communications team
- Understanding of key social and environmental issues which concern your stakeholders and sharing them
- Accepting of the importance of communicating without embellishment
- Understanding how your social responsibility work adds value to your organisation and fits with its strategy

FIVE ESSENTIALS TO COMMUNICATING CORPORATE SOCIAL RESPONSIBILITY

- Leave out the self-congratulatory PR fluff (keep it factual and accurate)
- Demonstrate alignment with your strategy and vision (ensure your messages are consistent)
- Use data to demonstrate what you've achieved (but only if it's accurate)
- Explain how your actions add value to your organisation
- Make it readable and interesting with innovative visuals portraying outcomes

Meaningful communication

Communications of social and environmental issues and activities which embellish positive outcomes, underplay or gloss over negative outcomes or which contain inaccurate data will create mistrust and can damage reputations. It is important to address the big issues and check the presentation of information with those who know the data, to ensure it faithfully represents the facts. If you don't, the press and other sources will expose inconsistencies and misrepresentations as well as material omissions. This results in a 'portrayal gap' – a mismatch between how you portray your organisation's performance and how it is portrayed by external sources. The reality may be somewhere in between, but the reputational damage is done.

Meaningful communication requires an understanding of the issues, their impact on stakeholders and the concerns that stakeholders have in relation to them. This requires an on-going engagement where stakeholders have an opportunity to express views which are heard and responded to.

When things go wrong

It is not enough to simply acknowledge the link between doing the right thing and delivering value to stakeholders – a company needs to set out its targets and say how this will be achieved. And bragging without the facts to back it up is never a good idea. VW must regret saying in its 2014 annual report:

"Thanks to its corporate culture, Volkswagen is better suited than almost any other company to combine a modern understanding of responsibility and sustainability with the traditional values of running a business..." (p118). It follows a claim by the CEO, Martin Winterkorn (p4):

"Our pursuit of innovation and perfection and our responsible approach will help to make us the world's leading automaker by

EXECUTIVE SUMMARY

- **Communication with stakeholders is vital if businesses are to work in a global environment with social and environmental mega forces impacting on business success.**
 - **Founded in 1997, The Global Reporting Initiative is an international standards organisation that helps organisations communicate their impact on a range of societal issues.**
 - **Global Reporting Initiatives guidelines requires businesses to set out approach to stakeholder engagement, including frequency of engagement.**
 - **Integrated reporting requires businesses to spell out how they create value – for investors but also other, broader stakeholders.**
 - **The International Integrated Reporting Council (IIRC), was launched in 2010.**
-

2018 – both economically and ecologically." VW's commitment to responsibility and ecology have been questioned and the fact that they claimed a strong commitment to these values only serves to increase the mistrust.

Communication and engagement to aid transformation

Communication and engagement with stakeholders, including staff, is an important part of the process of transformation required by today's businesses to work in a global environment with social and environmental mega forces impacting on business success – both now and in the future. Effective communication and engagement is an essential part of both developing a strategy which is responsive to social or environmental risks and opportunities and delivering on that strategy. Many of the activities companies engage in, such as employee volunteering for social good and equal opportunities initiatives, are an important part of that transformation, changing the way employees think and behave both at work and home. They also change broader perceptions about the company.

The corporate reporting landscape

Corporate reporting is changing and communication professionals have an important role to play.

Reporting on the processes of communicating and engaging with stakeholders to identify material issues has been best practice in sustainability reporting for some time and companies reporting under the Global Reporting Initiatives G4 guidelines are required to set out their stakeholder engagement process. A new form of corporate reporting, integrated reporting, involves articulating concisely how your organisation creates value for providers of finance. Some companies are also thinking about how they create value for a broader range of key stakeholders, employers, customers, suppliers and so on – as well as providers of finance. And of course, in some organisations, providers of finance might be members or customers (for example, in a customer-owned bank) or employees (in an employee-owned organisation).

This involves both understanding how you create value and, equally important, articulating that in a concise and



CAROL ADAMS
Durham University, England

Carol Adams is a professor of accounting at Durham University, an advisor on corporate reporting and integrating sustainability into organisational practices and a non-executive director. She writes on her website *Towards Sustainable Business* at www.drCarolAdams.net.

Photo: Private

meaningful way so that others understand it. Organisations are drawing on the skills of communications professionals to do this.

This approach allows a different style of reporting on social and environmental initiatives – one which focusses on value created rather than the impacts or costs of such initiatives.

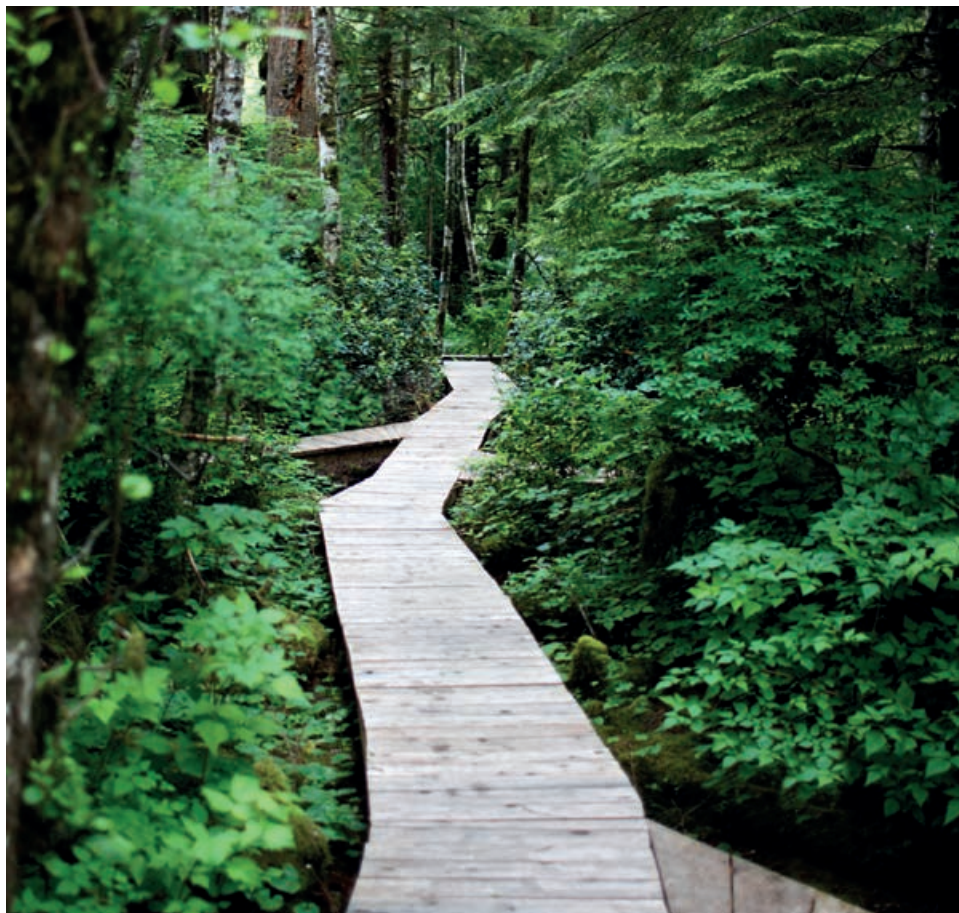
Integrated reporting requires thinking about value beyond financial terms – a long overdue development given that around 80 per cent of the value of a company is typically in intangible assets. Building strong relationships with stakeholders, building a loyal customer base, developing intellectual capital and managing environmental risks and so on tends to fall off the radar when corporate executives think short term. But they are critical to long term success. Integrated reports are forward looking documents covering strategy, the context in which

it will be delivered and how the company has, and will, create value for providers of capital and others in the short, medium and long term.

The International Integrated Reporting Framework (see <http://integratedreporting.org>) recognises that long term success depends, amongst other things, on sound management, relationships, a satisfied work force and the availability of natural resources.

Critical to good relationships and a satisfied workforce is a communications plan which sets out to achieve this. An integrated report fills some of the gap and allows an organisation to tell providers of capital, and others, how it creates value for them – including through those communication and engagement processes. ●

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Contact:
jenny.dawkins@ipsos.com
helen.lamb@ipsos.com



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Reputation Centre



Collaborate and empower

By promoting several programmes around the world, Coca-Cola İçecek harnesses the power of business to change our world for the better.

AYKAN GULTEN

Inspiring youth in Turkey, Iraq and Pakistan to get moving – actually, physically – and to keep moving throughout their lives is the goal of 3.2.1 Move!

A meaningful programme initiated by Coca-Cola İçecek (CCI) in partnership with Mercy Corps, 3.2.1 Move! is another example of how CCI remains committed to improving the lives of those who live in the communities we serve.

We know our business can only be as strong, sustainable and healthy as the communities we proudly serve. CCI's well-being is wholly interwoven with the well-being of all our stakeholders, including our consumers, our partners,

and our dedicated staff members. This philosophy guides us in every initiative and partnership we engage in, ensuring that our objectives regarding corporate social responsibility remain suitably aligned with our business strategy and capabilities.

CCI's sustainability strategy is based on The Coca-Cola Company's global sustainability framework and the materiality analysis we conducted with our internal and external stakeholders. Promoting active and healthy lifestyles in our communities, especially for youth, is one of the promises we give to our stakeholders.

It is also one of the main focuses of CCI's community investment programs

which focus on inspiring, empowering, and engaging a generation of youth as to the importance of leading an active and healthy lifestyle. Put into practice, our investment into communities includes projects and programmes such as 3.2.1 Move! in Turkey, Iraq and Pakistan, the Active Family Project in Azerbaijan, and the Coca-Cola Grassroots Football Tournaments in several countries – all of which are making a real difference in the lives of tens of thousands of young people.

Launching the 3.2.1 Move! programme

We developed 3.2.1 Move! in 2013 with the aim of supporting the social and physical development of young people, raising their awareness of the benefits of adopting an active, healthy lifestyle, and helping them to develop a lifelong habit of physical activity. So far, we have touched the lives of nearly 80,000 young people in Turkey, Pakistan and Iraq through this valuable programme, and we will continue to expand it in 2015 and beyond in order to reach thousands more.

Investing in the infrastructure of schools, promoting physical education for young people and helping coaches and youth motivate and lead their peers to become physically active, the 3.2.1 Move! story began in October 2013 in Turkey. We identified physical education teachers as the key stakeholders and change agents of this programme, so we reached out directly to educators who were invited to discuss opportunities for helping young people to become more active. The result was fantastic: an inspired, motivated and committed group of coaches starting a movement destined to bring joy and the benefits of physical activity to young people throughout the country.

How the programme works in Turkey

Since its inception, 3.2.1 Move! has expanded from three to eight provinces in Turkey. As many as 285 public schools have applied to participate, with 72 of these receiving assistance from the programme inspiring and empowering teachers, creating indoor and outdoor facilities, providing sports equipment for students and organising sports festivals. To date, more than 50,000 students have benefited.

3.2.1 Move! provides not only fun spaces where young people can be active but also the opportunity to learn and connect with others. Programme results

reveal that when young people are given new activities and upgraded school facilities, they start to participate in quality physical education.

The goal is to transform schools into active and healthy habitats through projects that include opportunities for youngsters to develop, physically as well as socially. In practice, physical education teachers share innovative ideas that serve their school best – from turning an abandoned indoor area into a dance studio to creating an outdoor space for games such as bocce, korfbal, badminton, volleyball and basketball.

Based on field research conducted so far, the programme has not only increased the time spent pursuing physical activities, but it has also significantly increased the self-confidence and self-esteem of many young people while strengthening peer relationships. Today, 80 per cent of teenagers involved in 3.2.1 Move! say they exercise more because of the programme, and 66 per cent say that activities related to the programme have made a positive impact on their friendships.

Expanding into Pakistan and Iraq

Based on the success of the programme in Turkey, CCI partnered with Mercy Corps, a global humanitarian organisation that empowers people to recover from crisis, build better lives and transform their communities for good, to help bring 3.2.1 Move! to Pakistan and Iraq. The initiative in these countries is unique because not only does 3.2.1 Move! emphasise physical activity, it also aims to enhance life and leadership skills. One goal of the programme, for instance, is to support and encourage mentorships in order to support the positive development of youngsters. To achieve this goal, 3.2.1 Move! is teaching the youth teamwork, leadership and communication skills.

In 2014, the 3.2.1 Move! programme has trained 186 youth leaders aged between 15 and 19 and 86 coaches to spearhead the

“I believe in the power of business to change our world for the better. Not in theory, not in the distant future, but right now. And it comes down to companies and individuals doing something extraordinary in the ordinary course of doing business.”

Muhtar Kent, the Chairman and CEO of The Coca-Cola Company.

programme in Pakistan and Iraq. In turn, these coaches and leaders have gone on to train more than 5,000 young people to become community leaders in their own right. In these countries, the programme focuses on low-income communities where after-school programmes, educational development opportunities and sports programmes are in short supply.

In both Iraq and Pakistan, there are many security issues and challenges for young people. 3.2.1 Move! offers them a safe space to gather, learn from and connect with each other. Each week, youth leaders guide their teams in physical activities and games which address the programme's core themes of teamwork, leadership and communication.

These leaders begin to run their very own projects, upgrading school facilities, increasing awareness of health issues and even organising sports activities and competitions. They share what they have learned and otherwise help their community members to become healthier and more active.

CCI's Sustainability Framework and Core Sustainability Areas



CCI'S SUSTAINABILITY FRAMEWORK

Sustainability stands out as one of the five main pillars of CCI's 2020 Vision. Our sustainability framework, what we call "Me, We, World," is our shared vision with The Coca-Cola Company for how we can create social value, enable positive changes for consumers and communities and help protect our environment. Accordingly, "me" refers to providing high-quality beverages while working to inspire happier, healthier lives. Our commitment to our consumers and their well-being begins with ensuring that each and every beverage we deliver is safe. Furthermore, we work to inspire consumers to embrace healthier lifestyles not only

by offering reduced-calorie products but also as a result of our transparent labeling practices, our responsible marketing practices and the many physical activity programmes we support around the world. Our "we" sustainability framework component is about our employees and the communities we operate in. The business success of CCI depends on our employees, and we know that we can be strong only if the communities we serve are strong. While developing and retaining the best talent, CCI's priority is to provide a happy, safe and motivating workplace where our employees can fulfill their true potential. Likewise, we strive to strengthen and enhance the communities where we operate. Through

partnerships and collaboration with both local and international partners, we identify needs in our communities and develop projects to address them, encouraging our employees and stakeholders to also take an active part. That part of our sustainability framework which focuses on minimising our environmental impact is represented by "world." CCI recognises that it is essential for the sustainability of our business, as well as for the sustainability and welfare of the communities in which we operate, to reduce as much as possible any negative impact of our operations. Therefore, we are continually refining our processes to ensure that we conserve natural resources and generate less waste.

So far, these volunteers have implemented 127 events across Pakistan and Iraq promoting physical activity and leadership, reaching more than 40,000 people. This incredible experience has significantly increased volunteers' confidence and has garnered the respect of the community. An impressive 80 per cent of youngsters participating in 3.2.1 Move! claim to be more physically active than they were before becoming involved with the programme. Moreover, parents are reporting significant positive changes in their children, with 90 per cent saying that their children are more active and 60 per cent saying their children are healthier.

Creating a successful CSR programme

Based on our experience with 3.2.1 Move!, we have identified the following key drivers for creating a successful CSR programme:

Know your issues: Your strategic CSR investment must be focused on one or more issues for which you actually have the capability to create value and on which you are expected to act. CCI's 3.2.1 Move! is a highly strategic programme, not only as far as creating social value for thousands of young people but also as far as providing CCI with a genuine platform from which we can engage with key stakeholders such as public health authorities on matters regarding physical activity and the fight against obesity. As a part of the programme, we organise regional sports festivals in collaboration with local municipalities and local public health authorities.

Meltem is a fifth-grade student from Turkey. Explaining how the programme inspired her to adopt an active and healthier lifestyle, she says:

"I have sinusitis and asthma. I was overweight, but I lost 25 kilos as a result of athletics and football. Now, I am more active than before. I exercise 10 hours a week, including my PE classes."



AYKAN GULTEN
Corporate Affairs Director,
Coca-Cola İçecek

Aykan Gulten is corporate affairs director at Coca-Cola İçecek (CCI) Turkey, which is the fifth-largest bottler in the Coca-Cola System in terms of sales volume. CCI produces, distributes and sells sparkling and still beverages across Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan.

Focus on the impact on society:

There is no short cut or easy win when it comes to creating social value. From the very beginning, your programme needs to be designed in such a way that it actually, positively influences the lives of people. If it does not add value to the community, it won't add value to your business.

Hala, a youth leader from Al-Se-feena High School for Girls in Iraq, shares with us her views, offering some insight as to the social impact that is delivered by the programme:

"It felt great planning and doing events aimed at making our school more beautiful! For the first time I learned how to work as part of a team, dividing tasks and helping each other to get the best possible results."

Collaborate and empower: Social problems are complex, and so are their solutions. Partnerships may provide solutions to those complex social problems, but in order for them to be effective you must understand precisely what motivates your partners and then empower and equip them with right tools so that they can be-

come your change agents. Physical education teachers, coaches, and youth leaders in our programme are great examples of effective change agents.

Sitara Saqib, a 3.2.1 Move! Programme coach from Sadar School in Pakistan, says:

"The programme gives me confidence to organise an event and improve my management skills. I wasn't expecting so much contribution in organising from students. But it was like every student was playing her role in making the event successful."

Innovate: It is unlikely that existing methods will always solve existing problems. Corporations are generally very dynamic and require innovative solutions to business problems. Likewise, you will be best served by adopting an innovative mindset while developing any strategic CSR programme. Corporations have more valuable assets than cash to offer communities, so tap into your company's talent pool to uncover untapped innovation as one way to aid in solving problems.

Engage your employees: Seeing is believing. We were able to demonstrate the power of the programme to our employees and company executives only after encouraging them to participate in it. Employees adopted a few schools in the vicinity of our offices, donating cash and sports equipment to improve them. Moreover, we organised sports days in those schools, and our employees participated enthusiastically.

Corporations increasingly realise that future success will depend on adhering to sound business models and engaging in partnerships that improve the wellbeing of all stakeholders in their value chain. In this light, corporations can no longer afford to treat corporate social responsibility as only corporate philanthropy. Instead, CSR must feature at the front and center of any meaningful growth strategy. ●

Changing the rules

It is up to each one of us to be our own heroes and demand corporations adhere to responsible conduct.

BY MALCOLM MCINTOSH



How many times have I been at academic symposia, street demonstrations or in classrooms and been told that “capitalism is in crisis” or that “capitalism is the devil’s work” or “capitalism is incompatible with equality”? Obversely, there is often an extreme reaction against this attack on capitalism. Most of the discussions are in reality discussions of political economy and not lambasting the idea of capitalism. Also many of the current discussions in the 21st century about capitalism are discussions about supraterritorial corporations and/or banking.

However, I dispute that capitalism is per se a bad idea, or has a tendency to bad. Capitalism simply means investment of some sort in an idea for a return of some sort with the risk taker being allowed to retain some of the rewards. This is why the ideas behind capitalism, such as risk, investment, returns, property rights, the rule of contract and management, come up for discussion on a regular basis. It is the current model of capitalism that is in need of rapid change and not the idea itself. It is not capitalism that is normally being discussed, but management and governance issues – and often nowadays corporate social responsibility.

The business of capitalism

In the 16th century the English Queen Elizabeth I granted permission for 218 merchants a monopoly of trade east of the Cape of Good Hope. These were effectively state controlled mercantile enterprises with a remit, and the agency, to expand British influence worldwide.

Four hundred years later the role of state owned, or controlled, enterprises is not dissimilar in advancing the influence of nation-states. In 2013 of the largest 100 companies 19 were state owned enterprises – the majority Chinese, Russian or Brazilian. Nation-state expansion has always been initially carried out by traders and business interested in capturing raw materials, cheap labour and markets.

In 2014 the Anglo-Dutch conglomerate Unilever operates in 156 markets worldwide and its direct competitor, the US Procter and Gamble, has some four billion regular customers worldwide. Just as in earlier centuries, in the 21st century it is corporations that often have the longest arms – including now information, data processing and telecommunications companies. But today the extent of corporate interests is under extensive scrutiny since the public bailout of private companies in 2008/9.

“Most of us do not understand how the system works despite the fact that our lives are inextricably linked to it.”

How do we hold to account, for instance, the world’s largest investment management company Black Rock, who in 2013 controlled 14.1 trillion US dollars in directly traded assets and 11 trillion US dollars in overseas assets? Fifteen trillion US dollars are traded on its Aladdin platform, which is the equivalent of seven per cent of all shares held worldwide, through 17,000 traders. Black Rock controls five per cent of the 20 largest capitalised com-

panies. Its survival strategy has been to spread its risk across multiple companies and markets. The total assets traded worldwide by all investment companies in 2013 were valued at 225 trillion US dollars.

It was not capitalism per se but this particular model of capitalism and the men and women of the corporations that operated it that are to blame for this spectacularly unstable global political economy. As John Lanchester has said in his many books on modern capitalism, most of us do not understand how the system works despite the fact that our lives are inextricably linked to it.

In search of a new rule book

Rules and processes that facilitate competition in all spheres of life, that commoditise and marketise all aspects of society, and that see all decisions as essentially economic and transactional does not necessarily mean small government. This ideology is based on the fundamental and profound misconception that markets are both rational and moral: that they deliver outcomes that benefit all. Rather it is a mixture of markets, trade, cooperation, social cohesion, and collaboration that produce social benefits.

Managing a socially just market economy with requisite freedoms and human rights provisions requires the management of uncertainty and complexity, as well as flexibility, and these features may be beyond the abilities of the average politician, and are certainly beyond the capacities of a politician ideologically glued to a particular creed. It is fine to have a clear vision and set of transparent values but this is not the same as dogmatism.

Capitalism and economics did not fail in the 2008/9 crash because it has no memory, soul or conscience. It is simply an idea given substance by its political context. It was that context that failed then and continues to fail now. The model of economics which is now dominant

can never be really known, but the logic of the neoliberalists is that the market is the ultimate information system. It is omnipotent and superior to human intelligence and should be beyond our control because if we dally with it, it will fail us. The model which espouses freedom through liberalisation, marketisation, commodification and objectification has enslaved us all by quantifying all human activity as good if measured in financial terms. It would have us trade every tree, all the Earth's resources and our love for one another in worship of the market.

Business and management schools have been factories for the production of the managers of profit maximisation and the growth of the corporate body. And when the private body goes

“Global surveys of trust show that people trust NGOs most, followed by business next and government last, yet they trust business people least.”

belly up, the public state (which under neoliberalism should wither away) is supposed to bail it out, so enmeshed is the state with the pursuit of private profit. The triumph of capitalism since 1945 is the triumph of freedom, accountability, collective strength, enterprise and innovation, not the triumph of free markets. In the last 40 years the former has been closely allied to the latter, but the evidence is that unless markets, enterprise

and freedom are closely allied to accountability, good governance, the rule of law, mutuality, and recognition of the intrinsic value and rights of labour and the Earth, it fails.

Global surveys of trust show that people trust NGOs most, followed by business next and government last, yet they trust business people least. Indeed, paradoxically they blame business people rather than the capitalist system or corporations for the collapse of global finances in 2008/9 and think that government should be doing more to control banking excesses and force business to be more honest, accountable and transparent.

Very few surveys show that people understand the inherent structural imbalances and lunacies of the current model of capitalism. This is probably because they are too complex to be understood by anyone, and too complicated for most people to begin to understand the minutiae in the flow of money, services and goods around the world. If most children in advanced democracies think milk is made in the back of the supermarket how are most people going to understand derivatives, sub primes and collaterals?

Today we give away our thoughts for free and they are commoditised, for this is how many social media companies like Facebook, Twitter and LinkedIn operate, and how modern capitalist corporations like Amazon, Tesco and Google know what, where, how and when you do what you do. They are watching, overtly and covertly. We are all entrapped and distracted, so we don't complain.

The fundamentals are sound: the rule of law (or contract), reward for hard work and risk, and retaining the gains of our hard work and risk which sometimes means property rights. The problems we have to deal with are correcting markets when they go wrong – because they do, dealing with those people who would seek power and massive wealth over all others through using markets, and the organs of capitalism: government and corporations.

EXECUTIVE SUMMARY

- **Capitalism is a word unheard of until the publication of *Das Kapital* by Karl Marx in 1860 and was never used by the man often cited as the modern founder of capitalism, Adam Smith.**
 - **The liberalisations of the 1980s, driven by Margaret Thatcher in the UK and Ronald Reagan in the USA with the intellectual support of the Chicago School of Economics, allowed banks to create money by creating credit. In the creation of credit the banks countered their avowed monetarist public policies which tried to control money supply.**
 - **It is not capitalism that is normally being discussed, but management and governance issues – and often nowadays corporate social responsibility.**
 - **Corporations have been the main vehicle behind the expansion of global markets and the financialisation of all aspects of our lives. As such, corporations' thirst for growth and profits have been largely left unchecked and exert an undue influence on the everyday lives of people.**
-

Modern communications technologies combined with the role of finance have made information a key commodity. Economics is now about information flow. If that is thought of as a flowing river the river is now so fast, vast and furious that it cannot be stopped, we can

merely build bigger dykes. In 2008/9 the river flooded, threatening to drown us all, but the neoliberal state stepped in and private debt became public debt in apparent seamlessness.

To continue the analogy, 75 per cent of the surface of the planet is covered in water and so now the world is awash with financial capital looking for a return. It's been called the perfect storm. Population grows; wealth creates exponential resource depletion; and our asocial economic model relies on growth, resource exploitation and money as the root, rather than the servant, of all wealth creation. Banks and our corporate entities are the dominant institutions alongside necessary but outmoded national models. The greatest challenges to change are the current economic system, nationalism, tribalism (in which is included religious fundamentalism) and misogyny. The clash of civilisations is between those who understand that we have one world with finite resources and limited lifespans, and those who believe in the infinite exploitation of people, planet and resources for personal, national or tribal gain.

Much of European expansionism was predicated on trade and trading companies armed with guns and bibles to 'civilise' people and markets. In 1776 – some 40 years before the start of the Industrial Revolution – Adam Smith published *The Wealth of Nations* drawing on both theory and practice around the world. 1820 saw the start of the Industrial Revolution followed rapidly in 1844 by the Joint Stock Companies Act (UK) and the Limited Liability Act (UK) in 1855 (France had been first a few years earlier in this regard). The Companies Act (UK) followed in October 1856 and the modern corporation was born: limited liability, disinterested investment, overseas management, and a management class operating for investors.

Since their creation, the corporation has created more prosperity and misery than could ever be imagined. It has become a law unto itself and threatens to eat us alive. Many global corporations are so large, and so complex, that they are almost



Malcolm McIntosh

Griffith Business School, Australia/Stellenbosch University, South Africa

Malcolm McIntosh is adjunct professor at Griffith Business School in Queensland, Australia and professor extraordinaire at Stellenbosch University, South Africa. He is also founding editor of the Journal of Corporate Citizenship and founding director of the Asia Pacific Centre for Sustainable Enterprise at Griffith Business School as well as of the Applied Research Centre for Human Security at Coventry University, UK. This article is adapted from *Thinking The Twenty-First Century: Ideas for the New Political Economy*, published in 2015 by Greenleaf Publishing.

beyond reckoning – and certainly out of control. The corporation is a legal fiction – an extraordinary creation which pretends to mimic the individual when of course it does not have body, soul and mind.

Servants and masters

The corporate responsibility industry, of which I have been a part for some 25 years, has attempted to bring the corporation into line by introducing accountability, governance and reporting measures but these are really only playing at the edges. As former UBS director

Colin Mayer says in the book *Firm Commitment* (2013): "We are trying to control the whale by tickling its tale . . . We have seen serious deficiencies in both the delivery of public goods and services, and the adherence of corporations to responsible conduct." Charged with investigating large French corporations, Norwegian born French judge Eva Joly said in an interview in 2014 that corporations represented a "new form of colonialism". In a book written in 1992 for the then recently formed World Business Council for Sustainable Development (a rival to the emerging UN Global Compact) the founder Stephan Schmidheiny touched on the core problem with the link between markets and corporations: "If markets really do encourage efficient resource use and decreases in pollution, then we must ask ourselves why the past record of industrialisation is largely one of unsustainable resource use and high levels of pollution".

The main vehicle for the expansion of global markets and the financialisation of all aspects of life has been through the corporation, particularly through banks.

A corporation, albeit a legal person, cannot knowingly do harm – only its officers can know this and they are merely agents for the owners who in most cases are so distanced as to be over the horizon and far away. Unless we change the laws governing incorporation, limited liability and corporate malfeasance corporations, whether they are shareholder or state owned, will continue to rape and pillage in their interests just as marauding Vikings and Mongols did centuries before.

Corporations are our servants and operate by our rules. It is for us to change the rules. Corporations work on market rules that are in urgent need of updating to make transparent the hidden connections between how they make money and their social and environmental impact. This cannot simply be left to laggardly public bodies, weak states and citizen's movements: we must change the very operating rules on which corporations survive. ●

Books

CONTENT

Code breaker

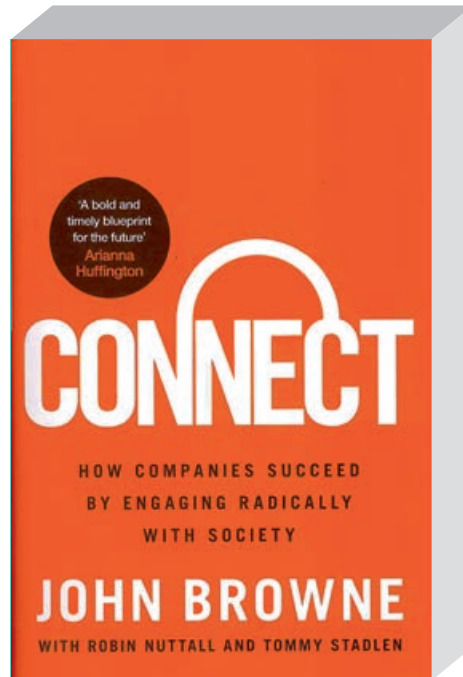
Like most great content, Michael Schaefer's latest book answers a question on many people's minds. That question goes something like this: I produce great content and engage across every digital marketing platform known to man, so why is no one reading? Schaefer tackles this question by presenting six key elements to igniting your content code. Schaefer's style is down to earth and conversational and importantly he provides plain ideas that go straight to the point. Worthy content does not intrinsically gain the widest readership; short term traffic should not be the only goal; you must invest time

in your audience... there are many more. What gives this book weight is Schaefer's autobiographical evidence. He has built himself a large readership through his

online presence and previous books. The strategies he outlines come from his journey to develop his own alpha audience through quality content and engagement. In a time when content is in overload, books such as these are worth spending your time with.

The Content Code: Six Essential Strategies to Ignite your Content, your Marketing and your Business

Mark Schaefer, March 2015



CSR

Healing the rift

Corporate social responsibility is a concept that was both quick in rising to prominence and in being sullied – seen as a feel good façade and often dismissed as greenwashing. Concerned by the rift between business and society, former BP chief executive officer John Browne has collaborated with two McKinsey experts and interviewed a range of people as he attempts to redefine corporate social responsibility for a new age. With a palpable need to reaffirm business as a force for good in the world, Browne and his co-authors Tommy Stadlen and Robin Nuttall offer an invigorating insight into how business and wider society can welcome a better, more harmonious

future – that still turns a profit. Having established their expertise in business nuance in a wide range of contexts in the first half of the book, in the second half the authors drive their message home: that is, transparency and engagement with government and societal entities is crucial for business. Their greatest victory is providing the reader with hope that such a shift is not only essential but well within reach.

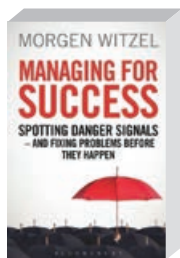
Connect: How Companies Succeed by Engaging Radically with Society

John Browne, Tommy Stadlen and Robin Nuttall, WH Allen, September 2015

MANAGEMENT

A bitter pill

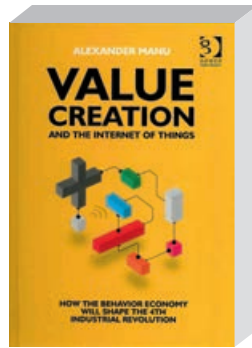
Though this title promises to deliver success, it draws much of its content from the managerial failures that lead to corporate disaster. It is a book of bad case studies that implores the reader to learn from the mistakes of others. Evidence for these failures is taken from a wide range of sources: from Plato to Henry Ford to Monty Python. Despite the breadth of material these errors translate perfectly to modern business practice and often feel all too familiar. In challenging leaders to improve themselves Morgen Witzel can be harsh in his lessons. However what works in his favour is his concise and at times darkly humorous prose. He may be offering a bitter pill but it is one that comes with clear-instructions and a guarantee to improve corporate health. The seven deadly sins of management and the 50 warning flags of impending doom appear throughout the book. Success, we are told,



comes through identifying these so-called danger signals and avoiding arrogance, greed, fear, ignorance, lust, linear thinking and lack of purpose.

Witzel genuinely believes in the good that business leaders can achieve and through a what-not-to-do approach he provides a disruptive tome for those aspiring to do better.

Managing for Success:
Spotting Danger Signals and
Fixing Problems Before they
Happen
Morgen Witzel
Bloomsbury
April 2015



INTERNET

Future dream

With the Internet of Things (IoT) poised to become mainstream, understanding its importance to value creation is set to be a hot topic for communicators in 2016. This could be the book that provides that understanding. The professional life of author Alexander Manu is intrinsically tied to innovation, whether he is lecturing, writing or guiding some of the world's largest organisations into new areas for them to transform. His tight prose presents some large and challenging ideas about the true role of technology in motivating our actions. He explains how fulfilling these motivations is essential to creating value and the significance of this to our current economic model, the behaviour economy. These concepts are made clear right from the introduction highlighting the impact of Google Earth, and revisited repeatedly as Manu explores how we establish value. It is a fascinating look beyond the technical prospects of the IoT that doubles as an insight into where innovation comes from and how we harness technology to chase after it.

Value Creation and the
Internet of Things
Alexander Manu
Gower Applied Research,
August 2015

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Senior Editor
Dafydd Phillips

Editorial Team
Stefanie Schwerdtfeger, Jan Wisniewski
info@communication-director.com

Design
Sarah Schlingmeyer, Armen Vanetsyan

Illustrations
Burkhard Piller, Ivan Mata Tamayo

Photo Editors
Laurin Schmid, Julia Nimke

Advertising
Helge Schlüter
helge.schlueter@helios-media.com

Website
Melanie Kuhles, Simon Mista

Publishers
Rudolf Hetzel, Marc-Oliver Voigt

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subscribe@communication-director.com

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Twitter @codimag

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"You're going to make a difference. A lot of times it won't be huge, it won't be visible even. But it will matter just the same"
Commissioner James Gordon (Batman)



Publisher and editorial address
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Werderscher Markt 13
10117 Berlin
Telefon: 030 / 84 85 90
Fax: 030 / 84 85 92 00
info@helios-media.com



A meeting of minds

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A meeting of minds

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New members

Welcome to EACD!

The annual Forum meeting of the European Association of Communication Directors capped a busy year for the association – and explored the timely themes of security and trust.

The 2015 edition of the EACD Forum – the Association's annual get-together – took place in the iconic surroundings of Canary Wharf, London, home to the headquarters of HSBC (together with its base in Hong Kong). Following the established procedure of board meeting, working group sessions and panel discussion with invited guests, this year's event was a memorable one – and not just because of the high-powered surroundings.

The event's highlight was a panel discussion centred on the dark side of the digitisation of our society: cyber-attacks and hacking. Recent high-profile data breaches at JP Morgan or Sony painfully demonstrate that these attacks can happen to even the largest companies and illustrate the harm caused by the loss of customer data. These and similar cases have the power to tarnish corporate reputation as well as pull the plug on customer trust – which is why this subject demands urgent discussion in every board room. The perfect person

to lead such a discussion is, of course, the communications director. But what is the corporate communicators' role in a cyber-security crisis? How well are we prepared to deal with data theft? What can communicators do to keep customer trust and maintain stakeholder loyalty after a hack?

Protecting vital assets

These and other questions were explored in depth by the event's panel. Stefan Rojacher, corporate communications manager DACH at Kaspersky Lab, led his team through a highly complex cyber-attack on Kaspersky Lab known as Duqu 2.0, a feat that won his team the prestigious Goldener Apfel award as Communications Department of the Year in Berlin in September. Jaya Baloo, chief information security officer at KPN Telecom, has completed projects ranging from Lawful Interception, Deep Packet Inspection, VoIP & Mobile Security to de-



The EACD Forum 2015 took place in HSBC's headquarters in Canary Wharf, London

signing national MPLS infrastructures and ISP architectures. And finally, Roel van Rijsewijk, partner at Deloitte Netherlands, leads the firm's Cyber Risk Services practice in the Netherlands and works for technology-enabled businesses in the field of risk management, compliance, integrity and corporate responsibility.

Together, the panel gave valuable tips for how communicators can position themselves as an important defence against cyber attacks, and also shared ideas about the kind of preventative strategies that can be employed, which tools to use to regain lost trust and how to best inform employees about data security and to explain just how easily computer systems can be exploited: a lesson we could all do with learning.

Agile PR and resilient trust

But that's not all. In the buildup to the evening's expert discussion, two working group meetings ran in parallel. The

EACD and Working Group Coordinator Philippe Borremans, chief social media officer for the Van Marcke Group, led a colorful discussion with the EACD's Social Media Working Group about "The Agile PR Team: applying Agile/Lean and Kanban project management principles to communication teams and operations." Looking at ways of delivering consistent public relations quality to internal clients, without errors and without wasting time or resources, Philip and the group brainstormed ideas and developed applicable take-aways.

Meanwhile, in a nearby room, philosopher and trust consultant Dr Brennan Jacoby from the School of Life (yes, really: www.theschooloflife.com) spoke in front of the EACD's Health Working Group about the impact of drug scandals on the healthcare industry. Eye-opening stuff, and a reminder that, whether online or offline, trust is one of the communicator's key responsibilities. ●



Jaya Baloo, Chief Information Security Officer, KPN Telecom



Stefan Rojacher, Corporate Communications Manager DACH, Kaspersky Lab



Roel van Rijsewijk, Partner, Deloitte Netherlands

Photos: Håkan Dahlström; Private (5)

Review

NOVEMBER 3, GENEVA

Corporate identity and brand reputation



Swiss Group discusses the ROI of integrated communications

Communications is considered by many as a support function that is measured by activity output, namely the number of press releases issued and retweets achieved. It is not always considered as a strategic function that drives outcome and makes a difference in market share gain through reputation building and strategic positioning.

To address this problem and to discuss how communicators can secure a seat at the board table, our Swiss regional group met at DuPont in Geneva. The event's panellists were: Hanane Taidi, EMEA marketing and communications leader at DuPont Performance Polymers; Eduardo Menchaca, DuPont corporate communications and public affairs direc-

tor, EMEA; Richard Northcote, member of the executive committee, global communications, public affairs and sustainability director at Bayer Material Sciences; and Inge Van Halst, partner at Visualising Value. Together, the panel agreed that it takes courage, boldness and risk taking to get a seat on the board.

The panel stressed that communicators should embed metrics that reflect the impact of communications on the top and bottom line of the company. The communications function should move from a cost to a profit centre by putting a value on the reputation of the company. Moreover, communicators should educate management and colleagues about the strategic role of communications. ●

NOVEMBER 5, FRANKFURT

Building brand through employee power

Employer branding has been widely recognised as a brand management and communications tool. It is also a strategic function that actually drives outcome. To effectively develop and implement an employer branding strategy, different factors need to be considered: what does our target audience value and how to best address them? What does it really mean to mobilise and integrate employees? Under the title "Internal communication becoming external – how to increase brand awareness through employee brand ambassadors", these and other aspects were assessed by our expert panel at EACD's regional debate in Frankfurt am Main. Panellists Anke Maibach, marketing manager central Europe at Tata Consultancy Services Deutschland and Martin Camphausen, head of corporate communications and spokesperson at Frankfurter Rotkreuz-Kliniken e.V., as well as moderator Claudia Wagner agreed that cross functional collaboration, especially between the HR, marketing and communications functions, is essential. Organisations should be aware that motivated, enthusiastic employees are the best brand ambassadors in terms of voice and image. Without their buy-in you will not succeed. As a conclusion our speakers emphasised that employer branding is a long-term initiative. Once you've started, you cannot go back to zero. ●

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Photo: Private

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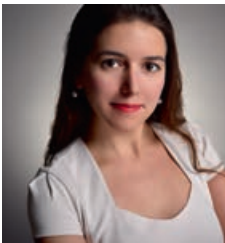
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Helios Media
Werderscher Markt 13
D-10117 Berlin
Germany
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Question to members

How do you help your organisation be a good corporate citizen?



“ It is a fact today that all businesses need to be conscious about its responsibilities and its role in the society. It's not enough to create jobs, sell good products and sponsor an exemplary NGO. However, how you behave as an organisation and the transparency of your communications are crucial. To be a model corporate business has above all to do with the way business itself is run. Reality counts and we cannot communicate something that does not exist. Communications are not about manipulation, but about sending real messages concerning our business. This rule bring us back to the basics: we shall not say something that we are not. In an interconnected world, there is an even stronger need to stick to the truth. Reputation must reflect what you are, not what you want to be. The “how” factor shall never be underestimated. That is what can bring you closer to the best of yourself and to a sustainable corporate performance, which will be reflected in your company's reputation.”

**Carolina Thiede, PR and Communications,
SES Satellites Supervisor**



“ Companies have the social responsibility to make profit, because it sustains jobs, tax revenues and economies. When it comes to corporate citizenship, the profit model extends the economic value to the internal and external stakeholders of the company, too. This needs a shift in mindset, because it means that companies must pursue strategic business models that create added value to them, to employees, the industries they serve and society. The communication function can have an instrumental role in business by nurturing the process of becoming a model corporate citizen. Communications can inspire leadership with the perspective of what matters to stakeholder groups, whose support can greatly help a company achieve its business objectives. It can enable a platform for dialogue with key stakeholders, e.g. employees, policy makers and value chain players. Finally, it can nurture a model corporate citizen example by frequently informing and engaging with stakeholders.”

**Aline Stanworth, Communications Leader
Europe, Innovative Plastics SBU, SABIC**



“ Both “corporate” and “citizen” are terms that include the concept of belonging. We all belong to different groups like family and friends, work and countries. The awakening of the human global consciousness should change the belonging concept in corporate citizenship, so that corporations have a global citizen conscience. Soon enough we will be talking about business sustainability, because that's what corporate citizenship ought to be. If you are responsible for a business you want to make it grow, expand and increase your revenue. A business model can only thrive if set up in a sustainable fashion. Environmentally friendly is not a PR matter, it is a way of ensuring your business plan will sustain itself. A global conscience is developing whereby human kind acknowledges we are all crew on spaceship earth – conscious that our daily options transform our world. attract to our lives the good we wish to see. This starts with our daily decisions, which influence others and the world around us. Everyone wants the best, and the best is sustainable.”

**Rui Veras, Communications Officer,
International Water Association**

New members Welcome!

The following communicators have recently joined the EACD

Anneli Aab, Head of Communication Uni, Foundation Innove

Foteini Bampanara, Head of Communications, Novartis Hellas SA

Liz Carlile, Director of Communications, International Institute for Environment and Development

Laurence Chiapponi, Senior PR Advisor, Sodexo SA

Andreas Christen, Social Media Manager, Amnesty International

Simonetta Esposito, Global Communications Manager, Tenneco Inc.

José Faria Machado, Communications Manager, Bayer Portugal S.A.

Bijan Farnoudi, Head of Communications, Kofi Annan Foundation

Riccardo Fava, Director Investor Relations & Corporate Communication, DiaSorin SpA

Maryna Fomenko, Head of PR, Astapov Lawyers

Pia Friberg, Director Communications Operations, Communications & Branding, Wärtsilä Corporation

William Garnier, Director of Communications, Outreach and Education, SKA Organisation

Irina P. Guschchina, Public Affairs Director, Abbott Laboratories Russia

Dana Hasana, Head of Communication, AS Latvijas Balzams

Markku Samuli Herrala, Director Stakeholder Relations, UPM-Kymmene Wood Oy

Trevor Holmes, VP External & Strategic Affairs, Dublin City University

Ester Kim, Regional Communications and Engagement Leader, Ernst & Young GmbH

Ildiko Kovacs, Head of Locations Communications Tire Division, Continental Reifen Deutschland GmbH

Silvia Labé, Director of Communications and Institutional Relations, Biocat

Jacques Lovell, European Advocacy Adviser, European Broadcasting Union

Sanja Lubardic, PR and Communications Director, NIS a.d. Novi Sad

Pia Lykke, Press Officer, Landbrug & Fødevarer

Julia Öberg, Press Officer, European Spallation Source

Katie Owens, Press & Communication Officer, Group in the Committee of the Regions

Valérie Rampi, Advocacy and Communications Manager, European Chemical Industry Council

James Ramsay, Head of External Relations Unit, European Food Safety Authority

Clara Rodrigo, Deputy Head of Communications and Corporate Responsibility, AXA Mediterranean and Latin America Region

Aparecido Silveira, Marketing Communications EMEA, Dupont Nutrition & Health

Liz Smith, VP Global Internal Communications, Elsevier Limited

Aline Stanworth, Communication Leader Europe, Engineering Resins, Innovative Plastics, SABIC Innovative Plastics Holding BV

Ina Stumpe Douffiaques, Head of Communications, LITASCO SA

Carolina Thiede, Communications Specialist, SES S.A.

Julia Tisserant, Corporate Communications Manager, Eaton Industries Manufacturing GmbH

Erhan Ustundag, Corporate Communications Manager, TAV Airports

Rui Veras, Communications Officer, International Water Association

Elisaveta Vladova, Communication Officer, Bayer Bulgaria EOOD

Linda Wallace, Director of Communications, Innovate UK

Claudia Wallner, Leiterin Unternehmenskommunikation, Hilti Deutschland AG

Christoph Zemelka, Senior Vice President Corporate Communications, Brand Management, and Sustainability, Robert Bosch GmbH

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Always forward, never backward

The best thing about my job is... that every day is different and no routine. You can never know when something unexpected will happen and the media will start trumpeting about it. And if anything happens in the area you work in, you will have to respond to it right away, putting aside anything you had planned before. People who like comfort and stability cannot do this type of job. But I myself enjoy this continuous running.

The worst thing about my job is... pointing fingers. No matter how, when, why and what you communicate, there will always be situations where fingers will be pointed at the communication team. I often remember the phrase I learnt at university: "If a company is praised, this means that its manager is doing a good job, but if a company is criticised, this means that its communication team is doing a bad job".

If heads of communication didn't exist I would work as... a moderator. When I was a child, I had two dreams. One of them was to become a bus ticket seller. My mother was a teacher of the Lithuanian language and would bring home piles of essays for correction. Up to the present day she doesn't know that I used a page from one of these essays to create 'tickets'. The second dream was to moderate events. When I was small I would imagine that my hair brush was a microphone and my grandmother was the massive audience. The latter dream came true – I often happen to conduct events.

The books I have on my bedside-table... the Bible. People often want to find answers to various questions. This book can give you answers to many of your questions.

A piece of music I can't live without is ... the music played by my children: a 12-year old daughter and a 10-year old son. They play the piano and the guitar. It's never silent in our family: somebody plays, somebody sings, somebody talks loudly. And this is the most beautiful and incomparable piece of music to me.

I would describe the communications landscape in the Baltic States as... unique. Three countries, three languages, three different cultures but one goal – to do everything excellently. While heading the communication department for the three Baltic countries, I have understood that it is possible to work together if there is tolerance for cultural differences and humour. It is no secret that the Baltic countries have created funny stories about one another. For example, "asap" is perceived differently even within my communication team. Latvians and Lithuanians understand that an "asap" task means that it has to be done in an expedient manner, meanwhile, Estonians tend to carefully think everything over and then act (as we say, measure 10 times and cut the eleventh). However, this does not prevent us from achieving results.

My dream holiday destination is... India. I travelled there just before the economic crisis. When I returned, I could not understand the people who were complaining and saying that everything was terribly bad because of the state of the economy.

The best piece of advice I ever received is... "everything passes". This helps when you are facing challenges. If you think about the meaning of this saying, your lips and heart start smiling. You lift your head up high and go ahead. Always forward and never backward! ●

LINA JAKUČIONIEN
Director of Corporate
Communication, ERGO Baltic
States



Lina Jakučionien has 15 years' experience in the communications field, both internal and external, as well as international communication. Lina has been the director of corporate communication at ERGO in the Baltic States since 2009. Before joining ERGO, she worked as chief executive officer of the public institution European Innovation Projects and chief executive officer of the EIP Communication. Prior to that, head of public relations at the Ministry of Health of the Republic of Lithuania. Lina has also worked in the German Parliament and the European Parliament in Brussels.

Photo: Private

DIGITAL STRATEGY THROUGH AUDIENCE INSIGHT

Are you digitally prepared for change?



You don't have to be big to disrupt...

and disruption doesn't have to be big – re-engineering your entire business may not be on the cards for 2016. Small, effective changes can have big results, you just need to know where to make them.

Make your strategy audience-focused

Understand your customers' journeys. Experience mapping will highlight the most effective way to solve audience pain points and reinforce positive moments of truth.



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