

THE AUTHENTIC ENTERPRISE

AN ARTHUR W. PAGE SOCIETY REPORT

Arthur W. Page

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VISION

The Arthur W. Page Society is committed to the belief that public relations as a function of executive management is central to the success of the corporation. The membership of the Society will embrace those individuals who epitomize the highest standards of public relations practice, as exemplified by the Page Principles.

MISSION

To strengthen the management policy role of the corporate public relations officer by providing a continuous learning forum and by emphasizing the highest professional standards.

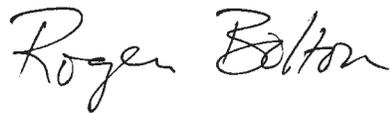
FOREWORD

This report consists of two parts, which reinforce each other. First, we present an Arthur W. Page Society white paper called “The Authentic Enterprise,” which examines the drivers and implications of a rapidly changing context for 21st century business. Second, we report the results of a survey of chief executive officers on the evolving role of the chief communications officer in light of these dramatic changes.

Together, these documents reach a number of important conclusions, which all corporate executives and leaders of public institutions ought to consider. Our objective is to stimulate dialogue – within companies, among leaders across a range of industries, and more broadly with influencers and stakeholders who care about the role of corporations. We hope such a dialogue will help all organizations – vast global enterprises and smaller local ones – to be more authentic.

Our report is prompted by our desire to advance the Arthur W. Page Society Vision and Mission, which are printed on the opposite page. Strong chief communications officers who live by the Page Principles (see page 59) are well positioned to help their companies succeed in the vastly different environment in which businesses must operate today. But as the report notes in its call to action, the specific roles these leaders are required to play in this new era are significantly different and more challenging.

This has been a collaborative effort of many individuals who share the desire to see the Page Society take a leadership role in helping corporations respond to the challenges posed by the changes rapidly reshaping our world.



Roger Bolton, President
Arthur W. Page Society

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CONTENTS • THE AUTHENTIC ENTERPRISE

Part One The Authentic Enterprise: Relationships, Values & The Evolution of Corporate Communications

- 6 Executive Summary
- 8 Task Force Members
- 9 Introduction: The CEO's Challenge
- 11 I. Drivers and Implications of Change
- 15 II. The Authentic Enterprise
- 19 III. Evolution of the Profession
- 24 IV. Foundations of a 21st Century Profession:
 Professionalize *and* Revolutionize
- 27 V. The Challenge of Trust
- 29 VI. The New Chief Communications Officer: A Call to Action
- 31 Appendix: Evolution of Other Corporate Staff Professions

(continued)

CONTENTS • THE AUTHENTIC ENTERPRISE

Part Two	The CEO View: Opportunities & Challenges for the Senior Communications Executive
38	Introduction
39	Objectives
39	Methodology
40	Executive Summary
42	The CEO Mindset
44	The Ideal Communications Chief
46	Titles for Communications Chiefs
47	Messaging Imperatives
48	The Arc of Communications Work
50	Getting to the Table and Staying There
51	Conclusion
52	Appendix A: Sample Profile
54	Appendix B: Sub-Sample Variations
55	Appendix C: Discussion Guide
58	Arthur W. Page Society Board of Trustees and Staff
59	Page Philosophy & Page Principles

THE AUTHENTIC ENTERPRISE

RELATIONSHIPS, VALUES

& THE EVOLUTION OF

CORPORATE

COMMUNICATIONS

AN ARTHUR W. PAGE SOCIETY REPORT

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EXECUTIVE SUMMARY

A task force of the Arthur W. Page Society set out to examine the evolving role of the senior communications executive in 21st century business. As our team pursued its mission, we found ourselves confronting phenomena that go far beyond the future of public relations. The relevance of these phenomena was confirmed in a new study, commissioned for this report, in which we surveyed chief executive officers on their perceptions of how their own jobs are being reshaped.

Businesses and institutions today are facing a rapidly changing landscape:

- the emergence of a new digital information commons;
- the reality of a global economy; and
- the appearance and empowerment of myriad new stakeholders.

Together, these forces have created a global playing field of unprecedented transparency and radically democratized access to information production, dissemination and consumption. They are overturning the corporation's traditional ability to segment audiences and messages and to manage how it wishes to be perceived. Today the corporation's relationship with one constituency is readily visible to all constituencies, who are multiplying in number and growing in sophistication. Further, some of these new players are not legitimate stakeholders at all, but rather simply adversarial or even malicious. At the same time, powerful new possibilities are being opened up for the corporation to reach genuine stakeholders, to advance its policy interests, to build its brand and enhance its reputation.

In such an environment, the corporation that wants to establish a distinctive brand and achieve long-term success must, more than ever before, be grounded in a sure sense of what defines it -- why it exists, what it stands for and what differentiates it in a marketplace of customers, investors and workers. Those definitions -- call them values,

principles, beliefs, mission, purpose or value proposition -- must dictate consistent behavior and actions.

In a word, *authenticity* will be the coin of the realm for successful corporations and for those who lead them. But when we describe the emerging business model as "the authentic enterprise," two important caveats are necessary.

The first is that we are not suggesting that businesses of the past were somehow *inauthentic*. Rather, it is the general arena of judgment and differentiation that has changed -- and changed fundamentally. That in turn requires a corresponding change in how the corporation operates. Its actions and reputation, which used to be safeguarded by a cadre of professionalized functions, are now the responsibility of everyone in the enterprise. What used to be controlled within the company's "four walls" is now spread across multiple partners, communities and individuals around the globe.

In a word, authenticity will be the coin of the realm for successful corporations and for those who lead them.

This implies that companies must think in different ways about the roles of senior management and the responsibilities of all employees. In our study, CEOs described the need for their companies to capitalize on the new realities. Many of the changes required involve stakeholder relationships and public perceptions, so CEOs are looking for their Chief Communications Officers to take a more strategic and interactive role within the senior leadership of the company. And because the authentic enterprise requires a highly coordinated approach across marketing, human resources, legal, finance and other corporate functions, as well as line management, more than ever, leaders will need to hone their collaboration skills.

THE AUTHENTIC ENTERPRISE: RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS

The second caveat is that not all enterprises, groups or individuals will seek this kind of authenticity. Indeed, the very forces creating so much new opportunity are opening it up to everyone – including those who have no interest in building institutions, but only in short-term gains. The proliferation of ways to play today’s radically fluid and open financial markets – from arbitrage, to hedge funds, to short-selling, to outright fraud of many stripes – is only expanding.

Some enterprises will choose to retreat from this conundrum entirely. The growth of private equity today may be testament to that. But for those corporations that remain public and that aspire to build trusted brands, sustainable marketplace success and community reputation, the imperative of authenticity will inevitably grow in importance.

In this report, we draw on original research among CEOs, our own experience and a broad range of studies and perspectives to support a number of core conclusions:

- The communications function has evolved significantly over the past three decades, and is achieving increased stature within the corporation.
- The converging forces of technology, global integration, multiplying stakeholders and the resulting greater need for transparency are the most important communications challenges facing 21st century companies.

- We are no longer in control of our traditional spheres of professional activity. Indeed, all business functions are at the dawn of an era of radical *de-professionalization*.
- Communicators are uniquely positioned to become experts on the new art and science of organizational trust.

At the end of our report, we lay out four new priorities and skills for which the Chief Communications Officer must now assume a leadership role:

1. Leadership in defining and instilling company values;
2. Leadership in building and managing multi-stakeholder relationships;
3. Leadership in enabling the enterprise with “new media” skills and tools; and
4. Leadership in building and managing trust, in all its dimensions.

We believe that our profession is in a strong position to succeed in the 21st century. None of the new roles we have described is currently the responsibility of an existing department, and our evolution as a function has prepared us well to take them on. Although success will require new approaches, deeper business knowledge and new skills and measurements, we are ready for this moment.



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INTRODUCTION: THE CEO'S CHALLENGE

New models of and possibilities for the corporation are taking shape. Because of that, our profession today finds itself at a historic inflection point. We know this from our own experience, and a new study commissioned by the Arthur W. Page Society among CEOs (see Part 2) confirms and deepens that understanding. The leaders of our companies are facing new challenges, which they are looking to us to help them solve.

How we react to this moment could well determine the future of our profession, and the careers of the women and men who comprise it. More importantly, our actions could have a material effect on our companies' ability to adapt to and thrive in a radically new economic and societal environment - to become examples of what we call *the authentic enterprise*.

There is broad consensus among the chief executives we surveyed that the past several years have witnessed a profound shift in the public's and government's view of corporations. Demands for transparency are at an all-time high, and give no sign of ebbing. This is blurring the lines between companies' "inside" and "outside" behaviors and communications. At the same time, in a world where the tools and relationships of reputation and influence are available to all - the irresponsible as well as the responsible, friends as well as foes - the identity and definition of an enterprise or institution is subject to far less control than in the past. In many ways today, businesses - but also communities, individuals and nations - are in an acute and high-stakes battle for their identities and global reputations.

The source of this disruptive shift is the convergence of three major forces - the digital network revolution, the reality of globalization and the empowerment of myriad new stakeholders - and it is changing the context for business and society. The stakes could not be higher for our companies. Our leaders



ARTHUR W. PAGE SOCIETY

believe that we are at one of those inflection points in business history when new technologies combine with new economic and societal conditions to change the game in fundamental ways. They see that accepted beliefs, long-standing institutions and highly successful enterprises are subject to rapid redefinition - for good or for ill. This presents both major threats and major opportunities for the corporation.

CEOs are looking to us for leadership in understanding and responding to this new reality. As a result, CCOs have the opportunity to take on a larger role within the enterprise and to provide greater value to it and its growing network of constituencies. If we choose this path, we can transform our profession, open up new and meaningful kinds of responsibility and learning, and create exciting new career paths for communications professionals. Alternately, we could circle the wagons and defend our familiar ways of behaving and operating. If we choose that path, we risk being marginalized.

I. DRIVERS AND IMPLICATIONS OF CHANGE

The modern multinational corporation, which emerged during the 20th century, was far more complex structurally and operationally than the business organizations that had preceded it, and was subject to many more external and internal pressures. As a result, it developed the administrative and strategic functions that came to define contemporary business management, such as public relations, personnel, finance, legal, advertising, data processing and other “staff” functions.

As these functions developed, they became increasingly professionalized – manifest in the shifts from Personnel to Human Resources; from Data Processing to Management Information Systems and then to a Chief Information Officer; from Advertising to Marketing; and so on. (See the Appendix for summaries of research on these fields.)

However, at the same time that the multinational and its management systems were taking ever-clearer and more defined shape, three countervailing trends were arising that have revolutionized the environment in which businesses operate: the digital network revolution, global integration and stakeholder empowerment. Together, they call into question many basic assumptions of the 20th century corporate model.

The digital network revolution: The Internet and information technology are proliferating and democratizing the world’s channels of communication. The Net provides interlinked, low-cost (even free) and easy-to-use ways to communicate, to work and to organize people with common interests.

This is driving a shift in the way people interact with each other and with companies and institutions. It changes how dialogue occurs, how perceptions are shaped and how relationships are forged. We all must deal with a dramatic increase in the overall volume of communication; marked changes in the content, tone and purpose of those communications; an exponential increase in the

speed of those communications; and entirely new, low-cost tools and capabilities to search, structure and make sense of all this information and interaction.

Global integration: Free trade agreements, the Internet and the emergence of highly skilled populations in developing regions have created a “flat world.” For business, globalization has long been transforming markets for capital and labor. Now it is reshaping the footprint – and even the idea – of the corporation. This institution is shifting from a hierarchical, monolithic, multinational model to one that is horizontal, networked and globally integrated. Because the operations and responsibilities of organizations can now be componentized, “virtualized” and distributed over an ecosystem of business relationships, work can now be located wherever it makes sense, driven by the imperatives of economics, expertise and open business conditions. *Work* is increasingly separable from the *organization*. This creates new challenges for companies to manage their identities and reputations.

Together, the digital network revolution, global integration and stakeholder empowerment call into question many basic assumptions of the 20th century corporate model.

When a company is a composite of many businesses and entities spread around the world, who is it that orchestrates the seamless integration of diverse employee cultures, governmental regulations and financial landscapes? Indeed, who is an “employee”? Who is responsible for a company’s brand? Who is accountable for what the corporation creates and delivers – and for how it behaves? The globally integrated enterprise locates operations and work wherever it makes sense around the world, and any company today can access talent and expertise from anywhere on the planet. What are the cultural, regulatory and financial implications of this truly global context?

THE AUTHENTIC ENTERPRISE: RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS

Stakeholder empowerment: In addition to the familiar intermediaries and constituencies with whom corporations have interacted in the past – such as investors, media, analysts and regulatory bodies – there is now a diverse array of communities, interests, nongovernmental organizations (e.g., environmental, human rights or consumer affairs) and individuals – all far more able to collaborate among themselves around shared interests and to reach large audiences. At the same time, companies and institutions themselves are seeking similar kinds of engagement with multiple constituencies.

Hence, the coinage a few years ago of the term “stakeholder” – and even the suggestion of a new category of “stakeholder *rights*.” Our companies themselves have growing stakes in other enterprises’ success or failure, in their strategies, brands, and even values. Our leaders are seeking influence and even decision-making power in a growing array of interests and activities, because our companies’ fortunes depend more and more upon the success of partners, suppliers, clients, national economies, the global economy, university curricula and the health of our communities.

Public opinion surveys demonstrate that many of these new stakeholders are held in high esteem. At the same time, we have witnessed a marked decline in public respect for institutions in general, and business in particular. This, in turn, has led to heightened regulatory scrutiny (e.g., Sarbanes-Oxley) and new demands for transparency in corporate performance and behavior. Such scrutiny is certainly challenging – but it is just one of the problems businesses face. These new capabilities are also empowering many bad actors – from out-right criminals and malicious hackers, to fringe groups and narrowly focused zealots with neither values nor authenticity, and scant regard for truth, fairness or dialogue. Today, access to the tools and organizing power of social media is free for all.

Together, these shifts put new pressures on our companies, but they also open up new avenues to develop deeper and more extensive relationships – relationships that can unlock new kinds of value for the enterprise through collaboration across

complex business ecosystems. As a result, the chief communications executive and the communications function of a 21st century corporation will increasingly be responsible not only for the reputation of their single company, but also for understanding, communicating and even helping to shape the reputations of its ecosystem partners – such as clients, partners, government agencies, nongovernmental organizations and other influencers.

We also need to collaborate much more often and more intimately with sister functions inside the company, such as human resources, marketing, legal and finance. And the business desperately needs that. The situation of most companies today is like the parable of six blind men and the elephant: Each specialized discipline has its own deep knowledge and set of constituencies, but no function today looks across the full spectrum.

All three of these drivers – technology, globalization and the empowerment of new stakeholders – are generating an extraordinary fragmentation of a company’s marketplace and environment. And this creates entirely new expectations for those corporations to fulfill.

Consider:

- A decade after the Netscape IPO, more than a billion people have access to the Internet. By 2011, it is estimated that the Internet will reach two billion people – nearly one-third of the world’s population.
- Every one of these individuals, as well as every connected business and institution, can literally become a global publisher for free in a few minutes. If the first phase of the Web was about the democratization of information *consumption*, the next phase – what some call Web 2.0 – is about the democratization of information *production*.
- The number of bloggers is doubling every five months. As of October 2007, the blogsearch site Technorati was tracking 108 million

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

- blogs, increasing at a rate of 175,000 new blogs every day. They are updated at a rate of 18 posts per second – or 1.6 million daily.
- Nearly every major U.S. newspaper suffered circulation declines in 2006. As readers flock to the Web and other outlets for news, average daily circulation of the 770 newspapers reporting results to the Audit Bureau of Circulation dropped 2.8 percent on a year-to-year basis during the six months ended September 30, 2006 – following a decline of 2.5 percent during the reporting period ended March 31 of this year and a 2.6 percent decline in the year-earlier period.
 - The same “crowdsourcing” (a.k.a. open source) phenomenon that created Linux and that made the online encyclopedia Wikipedia a serious challenger to conventional encyclopedias and reference works is now being applied to journalism – manifest in the pioneering Korean “citizen journalist” newspaper OhMyNews (<http://english.ohmynews.com/>) and the March 2007 launch of Assignment Zero (<http://zero.newassignment.net/>).
 - More than 300 million camera phones were shipped in 2005. They are now the most widespread image-capture devices in the world. At current growth rates, there could be one billion camera phones in use worldwide by 2008. That means nearly one person in six is a potential photojournalist – or, with the spread of video capabilities, documentary filmmaker.
 - Teens in the U.S. – the consumers of today and the employees, shareholders, voters and leaders of tomorrow – spend 60 percent less time watching TV than their parents, and 600 percent more time online, interacting with, influencing and being influenced not by institutions, marketers or professional communicators, but by their peers.
 - Globalization is advancing rapidly. Initially, this has been driven by the imperatives of economics. By one estimate, between 2000 and 2003 alone, foreign firms built 60,000 manufacturing plants in China, where labor costs are one-tenth those of the developed world. The flow of work in a globalizing economy is not being driven by economics alone, but also by the need to tap premium skills and expertise. For instance, IBM’s annual survey of foreign direct investment trends in manufacturing, services and R&D found that Europe regained its position as number one in 2005 – attracting 39 percent of all projects, vs. Asia’s 31 percent.
 - Both global integration and technological progress are being accelerated by radically open approaches to innovation – from open-source software, to componentized business processes, to distributed business models. P&G, for example, “imports” 50 percent of its new ideas from outsiders. And Eli Lilly has created an open R&D marketplace called Innocentive to match problems needing solutions with independent researchers who can solve them.
 - Strangers with common views can find each other and create new communities of interest with the power to affect established institutions. Experts on typewriter fonts used the blogosphere to question the authenticity of documents cited by CBS News, leading to the departure of news anchor Dan Rather. Howard Dean’s run for the 2004 Democratic presidential nomination was a grassroots phenomenon, built on Web-based fundraising, organizing and “meet-ups.” A disgruntled retiree founded the Association of BellTel Retirees and attracted 100,000 members virtually overnight. And environmental groups hired investment bankers to negotiate environmental concessions from the private equity buyer of TXU.

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

- CEOs' jobs are themselves undergoing profound change. As Procter & Gamble CEO A.G. Lafley puts it, "Like it or not, we are in a global political world. I've concluded I'm in it, anyway, and I might as well deal with it."

Put all this together, and it is clear that companies are operating in a different context. The ripple effect of information is dramatically faster and broader, new stakeholders are arising and interacting with each other in ways that create public opinion and regulatory challenges, and enterprises are increasingly diffused and virtualized, making it harder for them to respond. And, of course, it is not only people commenting on or advocating with regard to the company who are being empowered. The same is happening among all those who interact with or act upon the company in any way – whether financial, or legal, or competitive, or in terms of its supply chain, hiring, workforce practices or myriad other aspects of its operations. The effect of that, in terms of the company's exposure and relationships, is exponential.

All of this makes the 21st century enterprise vulnerable at a wholly new level to unexpected developments that can damage the brand, negatively affect employee commitment, undercut outside relationships and destabilize management, including the CEO and other corporate officers and Board members. This, in turn, means that the stakes are much higher for what corporate communicators do.

The CEOs surveyed for this report underscored these converging forces - technology, global integration, multiplying stakeholders and the resulting greater need for transparency - as the most important communications challenges facing their companies.

II. THE AUTHENTIC ENTERPRISE

We are witnessing today nothing less than the emergence of a new global information commons – interlinked, lightweight, low-cost (even free) and easy for anyone to use. Blogs, wikis, content syndication and social networking are not merely adjuncts to the mainstream media. What the open source movement did to the world of software development, these “Web 2.0” capabilities are doing to the arena for public discourse and influence.

They are not only creating a democratized “bully pulpit,” but enabling instant fact-checking of any company’s, government’s or NGO’s communications, performed by the collective eyes of the entire networked world. They are not only empowering a billion new communicators – citizen journalists, publishers, broadcasters, filmmakers, photographers, etc. – but are building an exponentially more intelligent distribution network, based on the “wisdom of crowds.” That is, not only can anyone now create any kind of media, but if it is valuable to people, it will be instantaneously spread globally.

The quality of the company’s products and services (or lack thereof) is apparent to all customers and potential customers. Its treatment of employees and retirees is visible across the corporation and to potential employees and public interest groups. Its citizenship, environmental behavior, corporate governance standards, executive compensation practices and public policy recommendations are transparent to all.

The impact of the Web on a brand’s authenticity has begun to be discussed within the marketing community, as reported in the May 2007 issue of *Fast Company* (“Who Do You Love? The appeal – and risks – of authenticity,” by Bill Breen). And the consequences could not be more profound for corporate communicators.

au·then·tic, adj.

1. **Conforming to fact and therefore worthy of trust, reliance, or belief:** *an authentic account by an eyewitness.*
2. **Having a claimed and verifiable origin or authorship; not counterfeit or copied:** *an authentic medieval sword.*
3. **Law Executed with due process:** *an authentic deed.*

- American Heritage Dictionary

The simple reality is that, like the journalists, analysts and managers who have been our main focus, we no longer have a privileged position in the areas that used to define our function.

- *We used to control messages about our company.* Today, they are created, exchanged and modified by a vast, distributed ecosystem of employees, customers, partners, communities, interest groups and “observers.”
- *We used to segment communications carefully to targeted audiences.* In an open information commons, everyone can see (and, increasingly, modify) any public communication, no matter to whom it is targeted.
- *We used to have distinct expertise in and control over the channels of communication.* Today, channels are exploding in number, are easy to use, and as a result now “belong” to everyone.

Each of these challenges is daunting – but each also presents an opportunity. To seize these opportunities, we must adopt very different behaviors and develop new skill sets. Again, our CEO study supports this. In our research, CEOs identified two overarching criteria for communications – both internal and external:

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

1. Message “segmentation” is no longer practical or desirable. Despite the proliferation of diverse stakeholders, all are now on a level playing field.
2. Values are the fundamental basis for enterprise communications.

This isn't just about ensuring that we tell the same story to all audiences, but about how decisions are made across the organization. In a marketplace where access and institutional authority can no longer be controlled, expertise and authenticity become more crucial than ever before. Every enterprise must be grounded in a clear sense of itself. Indeed, an enterprise or institution that is sure of its purpose, mission and values – and that takes those bedrock definitions seriously – is effectively *compelled* to behave in ways that are consistent with its core values.

What kind of definitions are we talking about? A business must be able to answer such questions as: What business are we in? What markets do we serve? What differentiates us as an employer, an investment, a partner, a neighbor? What do we deeply believe in? What will endure? What do we value? And once we have answered these questions and have a good sense of who we are and what we believe, how can we ensure that everyone associated with the far-flung enterprise understands and acts in accordance with our mission, values, goals and operating principles?

Discovering the answers to such questions and embedding them in real and lasting ways into the fabric of an organization is non-trivial. Indeed, it may be the hardest challenge any organization faces in the course of its lifetime. And increasingly, that definitional challenge comes not just from within, but also from the outside. When the capacity to influence and shape reputation is available to all, the identity and brand of an enterprise or institution is subject to far less control than in the past.

Is your company a world-leading innovator, or a profit-mongering exploiter of the poor? Is it progressive, innovative and adjusting to new realities, or is it abandoning its core values and putting profits ahead of people? This competitive war of definition affects all businesses today – and most daunting of all, it is asymmetrical: Greater resources no longer provide a significant competitive advantage. Further, it applies not only to corporations, but also to the individuals who make up its workforce. After all, not only the company as a whole, but each of its people is a global actor now, with exposure to the same exciting possibilities and sobering vulnerabilities.

So, to be an effective communications function in the authentic enterprise:

1. **We must not only position our companies, but also help define them.** While expertise and authenticity are essential, communicators' counsel to the corporation must now encompass its fundamental business model, brand, culture, policies and, most importantly, values.
2. **We must not only develop channels for messaging but also networks of relationships.** In a business ecosystem of proliferating constituencies, communicators must lead the development of social networks and the tools and skills of relationship building and collaborative influence – both to seize new opportunities and to respond to new threats.
3. **We must shift from changing perceptions to changing realities.** In a world of radical transparency, 21st century communications functions must lead in shaping behavior – inside and out – to make the company's values a reality.

THE AUTHENTIC ENTERPRISE: RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS

Further, we must not only change what we do, but also how we do it. We must work in ways that are far more interactive – even collaborative – than in the past. Although our work has been called “communications,” in truth it has mostly been one-way. We must now make the radical departure of becoming facilitators of two-way and multi-directional conversations. Corporate communicators must not only speak to, but learn from, all of the company’s populations in new and deeper ways. We can and must influence them, and build relationships of partnership, trust and mutual self-interest. They are stakeholders in us, and we in them. And we must work to ensure that the world’s diversity – of experience, thought and culture – is reflected by the people serving in our profession.

This was confirmed in our survey of CEOs. They view their communications leaders as functioning in three ways:

- *Reactive communications leaders* prioritize incoming inquiries, manage the press and public events, serve as spokespersons, monitor reputation and engage in crisis management.
- *Proactive communications leaders* develop ideas and campaigns, shape messaging, monitor reputation across multiple stakeholders and educate employees.
- *Interactive communications leaders* collaborate with key stakeholders, employees and the public at large; clarify and disseminate the company’s values; operate as shapers of the company’s strategic direction; and measure results in concrete, business-worthy ways.

Across the board, the CEOs regarded reactive approaches as inadequate. Even the “proactive” approaches that have strengthened during the past couple of decades, while valuable, are no longer sufficient. Our leaders recognize the need for their enterprises to engage in fully interactive ways with all their important constituencies. At the same time, they believe their organizations must respond to the asymmetrical assaults of Web-

enabled adversaries by playing offense, not just defense. That is, companies must leverage the new tools of social media to “fight fire with fire.”

CEOs acknowledge that these new forms of interactive communications are in an early, largely aspirational stage today. But they expect their chief communications officer to take on this new responsibility.

Finally, we must respond to both the threats and the opportunities of this new environment at a dramatically faster pace. The notion of “future shock” has become a cliché over the past three decades – but nowhere is its reality felt more acutely than in the arena of global communications. Indeed, one of the distinctive challenges for public relations professionals today is to broker the tensions among (a) the yearly or quarterly timeframes of corporate strategy; (b) the daily, often minute-by-minute timeframes of the media, the grapevine and the blogosphere; and (c) the long-term timeframes of the company’s historical evolution and mission.

The work before us is at once more interesting, valuable and challenging than the work we have been asked to do in the past. This kind of enterprise authenticity is difficult to achieve, but it also holds vast potential for growth, innovation and inspiration. The role of communications leadership – within our organizations, and across our profession – is to rise to that challenge and seize that opportunity.

In doing so, we can be guided by the core principles laid down by Arthur Page years ago, which are as relevant to the world into which we’re moving as they were in the business world in which they were created. Indeed, these principles, taken together, provide an excellent definition of what it means to be an authentic enterprise:

- *Tell the truth.* Let the public know what’s happening and provide an accurate picture of the company’s character, ideals and practices.

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by talking about it.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.
- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company's true character is expressed by its people.* The strongest opinions – good or bad – about a company are shaped by the words and deeds of its employees. As a result, every employee – active or retired – is involved with public relations. It is the responsibility of corporate communications to support each employee's capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent, calm and reasoned attention to information and contacts. When a crisis arises, remember that cool heads communicate best.

III. EVOLUTION OF THE PROFESSION

The state of the public relations function today represents a significant advance over its status, scope and skills in prior generations. Most corporate communications organizations today are responsible for key aspects of their companies' reputations. This is managed through relationships with the press, employees and analysts, and through communications guidance and support of the company's senior executives. In some cases, corporate communications is also responsible for relations with government, NGOs, foundations and the like. These are the familiar disciplines of corporate communications.

Arguably, of course, despite the relatively recent vintage of the business discipline of public relations, aspects of its work were being performed before there were public corporations. What we today call PR helped the British East India Company and Dutch East India Company to raise the necessary capital to finance their overseas initiatives and to motivate the local citizenry to establish lives in the then New World.

As Prof. Paul Argenti argues in his textbook *Corporate Communication*, the profession has come a long way from "the 'flack' era of public relations." It achieved an important new sense of mission in the 1930s with the efforts of Paul Garrett at General Motors and Arthur Page with AT&T to move corporate public relations into the direction of serious communication about the totality of the business.

As Scott Cutlip, Allen Center and Glen Broom point out in their book *Effective Public Relations*, Garrett and Page not only helped GM and AT&T communicate but also were given voices in company policy. Page was noted for suggesting a company's public reputation would be determined by organizational performance. He summed up his philosophy thus:

All business in a democratic country begins with public permission and exists by public approval. If that be true, it follows that business should be cheerfully willing to tell the public what its policies are, what it is doing and what it hopes to do. This seems practically a duty.'

The deepening of corporate public relations from old-fashioned publicity to strategic enterprise communications continued in the post-WW II era among other companies such as Ford, Johnson & Johnson, and JD Searle, and through practitioners of proactive communications such as Herb Schmertz at Mobil. Following in the footsteps of pioneers like Page, Garrett, Edward Bernays, Ivy Lee and Harold Burson, these leaders developed new forms of strategic public relations that redefined the profession and brought it into the age of the modern multinational.

During the 1960s, the role of corporate communications in shaping and explaining corporate social responsibility, as we know it today, acquired a new level of urgency – spurred in America, for instance, by such initiatives as the Civil Rights Act of 1965, and the establishment of the Environmental Protection Agency, the Occupational Safety and Health Administration (OSHA) and the Consumer Protection Agency. As public relations practitioners adapted to these new legal and regulatory requirements, two related developments had a significant impact on the thrust of corporate communications:

- The emergence of nongovernment organizations, or NGOs, as self-appointed representatives of the public interest.
- The proliferation of media and their more aggressive coverage of business. The appearance of 24-hour cable networks devoted exclusively to business and their ability to move news around the world at the speed of sound required a new response mechanism that has continued to be challenging even to the largest corporations.

¹ From George Griswold, Jr., "How AT&T Public Relations Policies Developed," *Public Relations Quarterly* (Vol. 12, Fall 1967, p.13).

THE AUTHENTIC ENTERPRISE: RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS

As contemporary corporate communications functions have continued to evolve, they have wrestled with questions such as how to ground communications goals in the needs and criteria of the business; whether to centralize or decentralize; where the function reports; and what skills are needed to shift from a passive to an active stance (e.g., shaping coverage rather than reacting to it; building, rather than just defending, brand and reputation; and changing internal culture, vs. “corporate journalism” and message dissemination).

These issues remain alive today – but on balance, there is a general consensus across the profession about how to address them. Public relations has learned and institutionalized the lessons of the '60s, '70s and '80s – the so-called Information Age – for organizational communications.

Today, we aim not merely to react to press coverage, but to engage in a more active dialogue with reporters and create communications that proactively build support for our products, brands and policy objectives. Within our companies, we have advanced past “corporate journalism” and simple message dissemination, and are now engaged in true culture change. In place of traditional speechwriting and wordsmithing, we play an increasingly strategic role in company policy and positioning.

As the corporate function in touch with the broadest range of constituencies – from employees, investors, media and industry analysts, to local communities, NGOs and government officials – we function as the company’s “eyes and ears,” bringing objective, third-party opinions and priorities to the attention of senior management. We can also act as a key integrator within the company – across other functions such as human resources, legal, finance, marketing and IT – helping to develop comprehensive strategies, responses and solutions.

Our bosses have noticed. The Page Society’s CEO study showed that chief executives see senior

communications leaders as being more influential today than ever before. Although practices vary when it comes to including senior communications executives in all levels of decision making, the trend is toward greater integration into the formation of strategy. When we have combined our traditional skills of creating messaging and communications programs with external and internal integration roles and business and industry expertise, public relations professionals have played a lead role with the C-suite in determining enterprise policies and actions. According to a recent survey by *PR Week*, 45.6 percent of senior communications leaders today report directly to the CEO, with the rest reporting to marketing, human resources, legal and other senior operating officers.

This is no longer about the basics of the communications craft. Those are now taken for granted. Most of the CEOs surveyed expect their senior communications leaders also to possess strong business expertise – knowledge of both the company’s industry and of business strategy in general. They expect comprehensive knowledge of the multiple constituencies with which a business today must interact – and in a global context, this means people, cultures and economies that span the planet.

They also say that the emphasis of communications work must shift significantly toward internal communications, as they seek to transform their organizations’ culture and workforce skills – not just to make them more efficient and productive, but to embed the kind of pervasive transparency, personal responsibility and values-based decision making that enterprise-scale authenticity requires. Finally, CEOs increasingly look to their communications executives to be educators, able to teach other executives how to communicate about the company.

If the nature of audiences, channels and content in the 21st century were to remain unchanged, our profession and the role of its leaders would doubtless continue on their current course and

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

speed. However, the reality is that the old status quo, even that from as recent a time as the mid-1990s, no longer prevails. The broader communications environment across the planet is undergoing its most profound change in decades, arguably centuries. Hence, our profession is confronting an upheaval just as fundamental. It is characterized by:

i. New audiences: Our audiences are no longer restricted to employees, managers, analysts and the press – and the definitions of those audiences are themselves shifting in basic ways. Who, for instance, is an “employee” of a virtual corporation – one that entrusts many of its processes and functions to partners? What changes are underway in the nature and role of the company’s board of directors, given the increasing prominence of governance and disclosure issues? What happens when analysts and media – once necessary aggregators if a business wanted to reach mass audiences – lose their unique ability to reach those audiences or to legitimize the company’s message? And what do you do when those channels are, at the very least, augmented (if not obviated) by multiple new communities of interest, expertise and perspective? Indeed, what do you do in a world where infinite “audience segmentations” are possible?

2. New channels and new kinds of content: Communication channels are proliferating in number and nature. They are changing thanks to shifts in technology, cost, access and usage. The most important inflection point for this shift was the transformation of the Internet into a popular medium, with the appearance of the World Wide Web. This new era began on August 9, 1995, the date of the Netscape IPO. And after a decade, the Web has evolved beyond a global platform for publication into a global platform for work. With the development of “Web 2.0” capabilities such as blogs, wikis, podcasts, content syndication and immersive virtual worlds, it is literally the case that any literate person today can become a global publisher for free in five minutes, drawing on a richer array of communications capabilities than William Randolph Hearst, Henry Luce or William S. Paley ever dared imagine. Content about your enterprise is not produced and distributed globally just by the corporation, or Communications or the press now, but by your employees, your partners, your communities – and your adversaries.
3. New measurements: Logically enough, the measures we use to gauge our success are shifting as well. Previously, most were activity-based – column inches and readership

Continued on page 23

The Evolution of the Public Relations Profession

	Yesterday: Public Relations (ca. 1945 - 1995)	Today: Corporate Communications (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Liaison of the enterprise	Strategic planner of enterprise positioning	Shepherd of enterprise reputation and authenticity
Roles and responsibilities	Build and maintain relationships with the media; corporate journalism; internal events; speechwriting	Drive coverage; influence external criteria; change culture; influence strategy and policy	Create and influence ecosystem of advocates; steward company’s values, brand and reputation; shape culture and behaviors; create the new, blended physical/virtual work environment; empower employees as communicators

Continued on page 22

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

The Evolution of the Public Relations Profession, cont.

	Yesterday: Public Relations (ca. 1945 - 1995)	Today: Corporate Communications (1995 - 2007)	Tomorrow (2008 - ?)
Audiences	Media, employees, shareholders, general public	Media, employees, shareholders, senior management, analysts; in some cases government, NGOs, foundations	Media, employees, shareholders, senior management, analysts; in some cases government, NGOs, foundations, boards of directors and a billion global “publishers” with the means to be heard by mass audiences and to organize quickly
Channels	Print, broadcast, “house organs,” events	Print, broadcast, events, Web 1.0 (e.g., intranets)	Print, broadcast, interactive partnerships, town halls and Web 2.0 (enabling employees, partners, clients, influencers — a billion “publishers”)
Content	Content controlled by PR: external announcements (products, business actions, etc.); internal news, messaging and morale-building; executive speeches	Some content controlled by Communications, some by HR and marketing, some by stakeholders; the latter includes employee feedback, ecosystem-created ideas and perspectives on company	Content is created by everyone, influenced by Communications: defining values, strategy, brand; collaboratively shaped public policy; new academic curricula
Measurement of Value	Activity-based: e.g., volume and nature of press coverage, readership of employee publications	Attitude-based: e.g., corporate reputation surveys; measures of employee commitment	Impact-based: e.g., changes in policy, behavior (internal and external); increased revenue, growth; recruitment; social network analysis
Functional Disciplines	Media relations, employee publications, speechwriting	Media, analyst and investor relations, internal and executive communications	Influencer relations and analytics; workforce enablement; values and brand experience; social networking/new media; corporate affairs; CSR
Skills	Writing, design, managing the press, message management, event planning	Driving coverage, organizational culture change, shaping strategic agendas	Building collaborative business ecosystems — engaged, enabled, supportive populations
Talent Pool	Former reporters, freelance writers, graphic designers, PR agencies	Reporters, writers and web experts, information managers (e.g., library science, opinion research)	Reporters, writers, Web experts, information managers, policy wonks, learning and organization development professionals, MBAs and business strategists
Leadership	VP of Public Relations: reports to Marketing, HR, COO or Public Affairs	SVP of Corporate Communications: nearly half report to CEO	Chief Communications Officer: reports to CEO

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

surveys. Today, we set for ourselves more strategically ambitious goals. We measure the impact of the company's brand and reputation, and we use measurements of employee commitment. And as we start to apply the analysis of social networks to business, we begin to see the promise of far more sophisticated analytics for the establishment and spread of influence and the development of relationships (e.g., "six degrees of separation"). This is fortunate, since our bosses increasingly demand rigorous measurement of success in communications – just as they expect from all other corporate functions.

In addition to audiences, channels, content and measurements, most other aspects of modern corporate communications have also undergone analogous changes over the years – and will continue to do so in the decades ahead.

In stepping up to the challenges and seizing the opportunities arising from the phenomena we've observed – the challenges and opportunities of the authentic enterprise – the greatest danger corporate communications faces, ironically, may lie in our very success over the past two decades, if that success blinds us to the new demands that lie ahead.

Without question, our profession today is far stronger, with deeper skills, broader scope and greater status than ever before. Ours is an impressive record of change and growth. Today, however, we confront a very different reality. Fundamental change is occurring across message creation, channels and audiences simultaneously. This change is taking many forms, but there is one inescapable reality across all of them:

We are no longer in control.

IV. FOUNDATIONS OF A 21ST CENTURY PROFESSION: PROFESSIONALIZE AND REVOLUTIONIZE

A company's reputation is the product of two things, its own actions and behaviors, and the perceptions of its key constituencies. The traditional role of corporate communications has been to provide counsel to the corporation on how to characterize that intersection in the most advantageous way.

The argument of this paper is that the future of the profession – and the challenge that will define the emerging role of the chief communications executive – is to guide the corporation in influencing and transforming not just perceptions, but the company's behaviors, as well as the self-conceptions and actions of those external constituencies themselves. Going forward, it will not be sufficient to shape perceptions within narrowly defined contexts. It will be necessary to demonstrate authenticity in radically open environments.

As we have shown, instead of “putting a message out” to influencers or into a channel, we must understand the diverse backgrounds and mindsets of our stakeholders and facilitate communications *among* audiences. Our job is no longer simply making “them” think well of us, nor is it even about building two-way dialogue. Now, it's about nurturing relationships among others – including relationships that don't necessarily directly involve our own company. Today, we're growing a multi-faceted, networked ecosystem, and we're seeking to influence its priorities and actions to benefit our enterprise.

Fortunately, today we have communications platforms that are not only superior carriers of traditional content from the corporation, but that also enable people to create their own content, refine it and build on it. This has been growing over the past decade within companies, through intranets, instant messaging, online forums and the like. More recently, the emergence of blogs, wikis, podcasts, content syndication, mashups and other Web 2.0 capabilities has significantly deepened

and broadened this democratizing empowerment of employees and all constituencies. (See the Appendix.) One key role of our profession in the decades ahead will be to master the skills and dynamics of these new media.

If the new opportunities were not sufficient motive to do so, the new threats would surely be. We can be confident that our companies' adversaries – from competitors, to political opponents, to identity-theft criminals (indeed, even terrorists) – are already mastering these new tools and skills. After all, the authentic enterprise is not the only form of economic or social organization or activity that this new world is spawning. Large opportunity also attracts large numbers of opportunists.

Of course, this impacts not only corporate communications but every function of the enterprise. Consider, for example, how finance, legal and investor relations functions will need to change in order to deal with the vast growth of arbitrage and hedge funds. At the same time, the increase in private equity is being driven, at least in part, by the desire to escape from the short-term pressures of this new marketplace. But in a globalizing world of increasing transparency, such approaches will not provide lasting solutions.

All of this may seem daunting, but our function may actually be in a stronger position to seize upon this historic moment than are many of our sister functions. Corporate communications has, from its inception, taken responsibility for a multi-audience view, working via channels it doesn't control and achieving meaningful results on modest budgets. In addition, the communications function has often played an integrator role – understandably, since a corporation must ultimately speak with one voice to all constituencies. In a world where traditional audience segmentation is no longer possible, that integrating capability will become more valuable than ever before.

THE AUTHENTIC ENTERPRISE: RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS

It may be for these reasons that CEOs are now looking to corporate communications to take the lead on many of these new challenges.

In contrast, consider the situation of the marketing profession. Marketing, like communications, emerged and took shape during the rise of the Information Age multinational. It has focused on control of channels (including expensive ones like mass-market advertising), on detailed audience segmentation and on the large budgets that were required to operate those systems. For marketing, the broad shift to a more user-driven and collaborative information environment is profoundly challenging.

Analogous phenomena are occurring in academia – where the controls previously exercised by a tenured professorial elite are under siege – and also in the world of technology and software – where, for instance, mashups enable people without training or degrees in computer science to create new programs and new functionality. But this shift is nowhere more visible than in how people communicate.

Nonprofessionals and people of modest means today can engage in activities that used to have high barriers to entry. You no longer need a journalism degree, advanced writing skills or a lot of capital. Communicating to the world – via any medium – no longer requires a large organization or extensive physical plant. And the composition and definitions of many professions are changing as a result. For instance, a recent Pew study indicated that 34 percent of the 12 million people now blogging in the U.S. regard themselves as practicing a form of journalism. Professional journalists may sniff at this, but people are voting with their eyeballs. The same Pew study indicates that 57 million people in the U.S. read blogs.

Obviously, much of this content is not of high quality by traditional standards. But much of it is, and some is far better than anything being produced by the “mainstream media.” People with deep expertise in a particular subject area can

now publish to the world, vs. only journalists, who are typically generalists. In other words, deep (if narrow) subject-matter expertise is being elevated in importance over stylistic or general fact-finding expertise, and often that depth is more valuable.

Further, many more eyes result in much more rapid error correction. Consider the case of Wikipedia. In many ways, it has replaced not just one or two authoritative publications, but journalism itself as “the first rough draft of history.” As the *New York Times* reported on April 23, 2007:

Imagine a newspaper with more than 2,000 writers, researchers and copy editors, yet no supervisors or managers to speak of. No deadlines; no meetings to plan coverage; no decisions handed down through a chain of command; no getting up on a desk to lead a toast after a job well done.

It doesn't sound like any news operation that any journalist would recognize. Yet that seemingly chaotic nonstructure best describes the scene at Wikipedia, the online encyclopedia, which, for a few days last week, served as an essential news source for hundreds of thousands of people on the Internet trying to understand the shootings at Virginia Tech University.

From the contributions of 2,074 editors, at last count, the site created a polished, detailed article on the massacre, with more than 140 separate footnotes, as well as sidebars that profiled the shooter, Seung-Hui Cho, and gave a timeline of the attacks.

According to the foundation that runs the various Wikipedias around the world, there were more than 750,000 visits to the main article on the shootings in its first two days, an average of four visits a second. Even The Roanoke Times, which is published near Blacksburg, Va., where the university is located, noted on Thursday that Wikipedia “has emerged as the clearinghouse for detailed information on the event.”

Recently, Wikipedia had been the object of much controversy over the reliability of its articles, and the frequent anonymity of its contributors. But during some recent critical events, like the Virginia Tech

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

killings, the Southeast Asian tsunami in 2004, and the London bombings in 2005, the site has been transformed from an ever-growing reference book into a ever-updating news source — albeit one with scant original reporting. (Wikipedia’s policy precludes original research.)

Clearly, major challenges remain for communications professionals, as well as for our corporate-staff brethren. The demands and opportunities of 21st century business require that leaders do

two things simultaneously that are usually contradictory – professionalize (i.e., establish an orthodoxy and standards for the function) and revolutionize (i.e., overturn established orthodoxies and standards). The new imperatives of business today, and the diversity of forces acting upon it, are presenting deep challenges to bureaucratic structures, including those that have developed within existing HR, IT, legal and finance functions. One could, in fact, see this as the dawn of an era of radical *de-professionalization*.

V. THE CHALLENGE OF TRUST

New business models and a rapidly changing economic context – shaped by the forces described in this report – are placing unfamiliar demands on business. Of all the challenges facing corporate communications in the emerging “authentic enterprise,” perhaps the most fundamental are those surrounding the issue of trust.

At the level of the individual, how can we maintain and even strengthen our trust in one another – including trust of people with diverse ways of thinking, and of strangers we’ve never met and never will meet? At the level of the enterprise, how does a business sustain trust in increasingly distributed models, and respond to the demands of increasingly diverse and empowered stakeholders? And at the broader societal level, how does any organization achieve global integration and transparency while operating within multiple legal and regulatory regimes, cultures and political environments?

Of all the challenges facing corporate communications in the emerging “authentic enterprise,” perhaps the most fundamental are those surrounding the issue of trust.

These are far-reaching challenges. They touch on an organization’s standards of governance, its financial management systems, how it maintains transparency, how it protects privacy, its systems and rules for security, the quality of the products and services it creates and delivers to the public, and the way it interacts with its communities and with global society at large. All those systems and standards need to be maintained, even when a company’s products and operations are handled by a dozen or more organizations in a dozen countries. You no longer have control—but ultimately you still have responsibility.

Compounding the dilemma are the attitudes and values of today’s workforce, and the imperative of innovation.

The people a business needs to attract today – as employees, clients or partners – will not accept old-fashioned, hierarchical cultures and management approaches. In place of “the voice of authority,” they demand proof of *authenticity*. And as a strictly operational matter, it is becoming increasingly difficult to achieve the speed and flexibility to run a successful business by sticking with traditional command-and-control systems.

In dynamic societies and economies, such as we live in today – where new approaches, new ideas, new behaviors and new institutional forms are being created constantly, and where multiple stakeholders have unprecedented levels of impact and influence – more open, flexible, empowering and values-based management systems are required. And for those to work, trust is both more essential than ever, and harder than ever to achieve.

Where does responsibility for this overarching stewardship of the corporation’s reputation reside? Today, no traditional function owns it, nor can any deliver it. Corporate communications has the opportunity to assume a leadership role in stepping up to this challenge. As the corporate function with the deepest experience in building relationships across multiple constituencies, we are uniquely positioned to become experts on the new art and science of organizational trust. But this will involve far more ambitious approaches than most people have thought of as part of “communications” or “public relations.”

In place of “the voice of authority,” they demand proof of authenticity.

For example, this is not about more rapid, organized or clever dissemination of messages *to* the workforce. We will need to help the organization empower and enable *our people* to communicate *with* one another, to make decisions and to act on their own ideas and opportunities. We will need to help *our companies*

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

learn how to push decision-making authority out and down, to eliminate layers of management and procedure and to welcome diversity of thought.

We will also need to help the organization and its leaders understand that there is no single standard of trust. Rather, there are multiple criteria, which are functions of multiple relationships. Trust is inherently about relationships of interdependency – vs. rules, procedures and laws. The challenge facing our companies today isn't a question simply of a "loss of public trust" in some generic sense, but of strengthening specific relationships between the company and diverse stakeholders – and among those stakeholders themselves.

Finally, corporate communications leaders will also need to draw on our understanding of and experience in changing corporate culture. In order to foster innovation, people need to feel hopeful and competent. They need to feel that their ideas and opinions have been heard, and their feelings acknowledged. They need to feel believed in and trusted, in all dimensions of the word. In that sense, trust is inherent in authenticity, and vice-versa. And you cannot build trust by enforcing compliance. Accountability is necessary, but not sufficient. Indeed, a single-minded focus on accountability can ultimately debilitate trust in systemic and long-lasting ways.

This is, clearly, much more than advocacy or "getting the word out." It requires imagining and actually building the systems that make new management models possible. This implies very different forms of "internal communications" – and an increasing recognition of their importance. The growing significance of internal communication was one of the key findings of our CEO survey.

Among the new kinds of expertise required is the ability to lead in the infusion of sophisticated software into the company's processes, and the creation of appropriate policy innovations to govern its uses – creating pervasive internal communications platforms that both ensure transparency and enable individuals to have much more control over their information, their work and their relationships. And it points, again, to the centrality of the company's core values.

This is, in the end, the most challenging and highest-impact work that communicators can tackle, and the opportunities far outweigh the challenges. The networked global economy and the new worldwide communications platform present a historically unprecedented opportunity to engage directly with all the publics and constituencies that shape a company's success and identity. Now, we must take the radical step of adopting approaches that emphasize definition and influence and of becoming truly multi-directional in our engagements.

Communicators can and must not only speak to, but learn from, all of the company's populations in wholly new and much deeper ways. We can and must influence them similarly, and build relationships of partnership and mutual self-interest that go far beyond traditional public relations. And we can and must step up to the need for reputation stewardship at a deeper level – encompassing the enterprise's brand, culture and core values.

VI. THE NEW CHIEF COMMUNICATIONS OFFICER: A CALL TO ACTION

The Arthur W. Page Society views the role of corporate communications and of its senior executive as the leader in defining and enabling the authentic enterprise – often acting as an integrator, working across other functions such as human resources, legal, finance, marketing and information technology to develop comprehensive strategies and solutions. Within that overarching mission, we call on communications departments and Chief Communications Officers to step forward and assume four new and essential forms of leadership, for which no existing enterprise function currently has responsibility:

1. **The CCO must assert leadership in defining and activating values.** Values have always been the bedrock of enterprise authenticity – but they play a different role today. Values now are the basis for very new kinds of management systems, tuned to succeed within radically changing marketplace realities. In earlier eras, a company’s principles, credos or beliefs – like its strategies and processes – were typically dictated from the top. However, we now live in a world of distributed, dynamic enterprises and shifting workforce attitudes and expectations. A management system based on values allows a company to respond faster to opportunities by increasing delegation and empowerment, while maintaining consistency of its brand, customer relationships, public reputation and day-to-day operations. Values can be the “glue” shaping behavior and uniting goals – but building such a management system is a daunting challenge. Understanding what the company and its people truly value and turning that into pervasive behavior demand new kinds of leadership, tools and skills.
2. **The CCO must assert leadership in building and managing multi-stakeholder relationships.** Constituent relationships have always been important for enterprises, but the proliferation of new kinds of empowered

stakeholders and demands for transparency have profoundly altered the landscape. First, in a radically more transparent world, our organizations can no longer be different things to different constituencies; the enterprise must be one thing across its entire ecosystem. Second, broad knowledge of that ecosystem – both its opportunities and its threats – is necessary. However, that knowledge is not consistently managed today. It is incumbent upon the communications function to do so. Finally, while working to ensure that the diverse perspectives and needs of all legitimate and responsible stakeholders are acknowledged and addressed in respectful and substantive ways, communications leadership is needed in defending the company, its principles and its reputation against malign or misguided attacks. Key to both of these efforts will be building support among multiple stakeholders and across civil society at large. This places a premium on the CCO’s collaborative skills and ability to build and execute integrated strategies.

3. **The CCO must assert leadership in enabling the enterprise with “new media” skills and tools.** Our surveyed CEOs identified a highly permeable membrane today between what is “internal” and “external” to a corporation. It is in the corporation’s best interests to empower more and more of its workforce with new collaborative tools, training, know-how – and trust – so they can responsibly and strategically interact with the external world. Corporate communications must acquire and spread mastery of these capabilities, while at the same time helping the corporation to develop the appropriate policies and guidelines to ensure responsible use of social media. CCOs must also embrace new tools for measurement – in order to extract insight from the unprecedented amount and depth of information that social media make available.

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

4. **The CCO must assert leadership in building and managing trust in all its dimensions.** Trust is no longer a function only of compliance with the law and business ethics. With the emergence of empowered and technology-enabled new stakeholders and distributed enterprises, the challenge of building trust is more acute than ever. It is a complex equation involving everything from employer/employee relations, financial management

and corporate governance to the quality of a company's goods and services and its responsiveness to societal issues. Corporate communications must play an integrating role in developing and measuring the success of the corporation's trust strategy, and helping it operate successfully in the public interest.

APPENDIX: EVOLUTION OF OTHER CORPORATE STAFF PROFESSIONS

Chief Information Officer (CIO)

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Automation	Integration	Transform CIO mission from technology to innovation
Roles and responsibilities	Systems management and infrastructure development	Business process enablement and transformation	Integrate business and technology; drive business model innovation; business transformation; create and deliver business value; align IT priorities with those of the business; foster collaboration, culture and change
Audiences	Internal	Internal	Internal; other business leaders; the board of directors
Measurement of Value	Maintain IT infrastructure; throughput; availability	Maintain IT strategy and infrastructure costs; Total Cost of Ownership; Return on Investment	Influence shareholder value; lead innovation and profitable growth initiatives; drive broad adoption of strategic investments; increase the number of CIOs serving on the executive teams/governing committees and on boards of directors for other companies
Skills	Technology proficiency	Managing process transformation and leadership of innovation	Business fluency and acumen to demonstrate the economic value of IT; greater influence and impact as business leaders; ability to collaborate and influence internal and external audiences
Talent Pool	IT and operations professionals	IT and operations professionals with basic business background	Business experts with IT functional competency
Leadership	VP, Computing	CIO: reports to CFO	Chief Innovation Officer: reports to CEO

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

Evolution of the CIO:

CIOs have historically been regarded as the overseers of infrastructure and costs, minders of servers and guardians of phone service. However, the CIO profession has reached an inflection point. The forces of globalization and commoditization, the rise of new markets in every region of the world and the accelerating advance of technology are reshaping the business landscape. There is more opportunity for CIOs to elevate their role, exert greater influence as business leaders and define the future of the CIO profession.

In the past, many organizations defined the CIO's priorities by what had to be done – taking cost out, ensuring the continuity of the business, maintaining the integrity and security of data, etc. – as well as keeping pace with the changing demands of the business. Today, CIOs' roles and responsibilities are expanding to include business functions beyond technology. The way individuals become CIOs is also changing with increasing numbers of executives entering the job from non-IT backgrounds.

The CIO role continues to evolve and extends far beyond technologies and continuous improvement of the IT asset base, to providing strategic direction and new ways to align IT and business value. Many CIOs believe that the number one barrier preventing them from having greater influence as business leaders is misperceptions about their role. Next generation CIOs must strengthen their business skills and competencies. They must develop the capabilities and relationships – with CEOs, other business leaders and the board of directors – that will enable them to lead innovation and profitable growth initiatives for the organization, and have greater influence and impact as business leaders.

Next generation CIOs also prefer to be measured less on cost control and IT operations and more on innovation and growth, and how they manage their teams and ecosystem.

SVP, Human Resources

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Personnel, employee relations, employee champion	Strategist and steward; employee advocate; human capital developer	Globalization; manage change; business leadership; strategic partner
Roles and responsibilities	Change agent; transaction-based; executive compensation; talent development; employee relations; industrial relations; compliance	Functional expert; strategic partner; compliance and government regulator; HR service delivery owner; organizational performance conductor; define and execute HR policies and procedures	Talent strategist; counselor and leadership developer; change management; organizational structure and work environment architect; performance and rewards program architect; regulatory HR generalist and risk manager; corporate governance advisor
Audiences	Internal	Internal, External	Internal, External
Measurement of Value	Number of labor strikes, work stoppages and union campaigns avoided; retention and turnover	Attraction, retention, and development of top talent; address and support business issues	Expertise on business strategy

Continued on page 33

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

SVP, Human Resources, Cont.

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Skills	Administrative and tactical; internal transaction processing	Strategy implementation; cultivate leaders; reporting and analytics	Strategy development; create work environment that helps people perform their best; drive business performance and manage change; business savvy and operational excellence; build an organization from the ground up to be impactful
Talent Pool	Professionals from a variety of functions	HR function experts	Leaders who are HR and business experts
Leadership	Reports to VP of Administration, Finance, Business, or Operations	Reports to CEO	Reports to CEO

Evolution of Human Resources:

Over the past few decades, the human resources professional has evolved from being transaction-based and administrative to being a strategic partner and member of senior management.

During the 1960s, 1970s and 1980s, HR professionals were recognized for personnel and employee relations. They built staffing, training, compensation and other programs and policies that were employee-focused and regulatory-compliant. During the late 1980s, there were increased efforts to align HR's work with business strategy. The idea of HR as a strategic partner emerged in the 1990s, and the HR leader role evolved to execute strategy as a function, not a silo. HR leaders developed new structures, delivery models and competencies grounded in an understanding of the business and external environment, and built on stronger relationships with senior management.

Key issues with which HR leaders will grapple in the next 5-10 years will include the impact of globalization, outsourcing and the need for new kinds of change management. The percentage of a company's employees based outside of its country of origin will continue to increase, presenting a challenge to HR to build an organization with impact in other parts of the world. In addition, the growth of outsourcing and the emergence of "virtual" enterprises create new sorts of "employment" relationships. Finally, managing constant change within an organization – mergers, divestitures, new systems, new operating processes, new regulations and new business models – is also a critical element of success and is emerging as a sub-profession within HR.

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

Chief Financial Officer

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Financial statements and capital structure	Business analysis; business planning; value to customers; appropriate return to investors; responsible environment for employees and communities	Business partner and strategist to general management
Roles and responsibilities	Financial statement presentation; cash flow management; number crunching	Work with CEO to design and oversee strategy; operations and performance; internal and external communications with all stakeholders; regular revision of company's portfolio of businesses; direct involvement in formulating business plans and operational strategy; M&A	Corporate governance compliance; assume responsibility for corporate financial results to ensure public trust; influence decision making; communicate to and help manage the Board; performance management
Audiences	Internal, External	Internal, External	Internal, External
Measurement of Value	Accurate reporting	Performance management; commercial and financial evaluation of major projects; business risk assessment and management; disaster recovery	Change agents; value creation
Skills	Accounting and reporting	Leadership; experience in evaluating functionality and costs of finance systems; ability to communicate financials and business plans to a range of internal and external audiences; strong technical skills	Strong communicator; operations experience; talent management
Talent Pool	Accountants	MBAs	MBAs; finance experts with operations experience
Leadership	Reports to CEO	Reports to CEO	Reports to CEO

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

Evolution of the Chief Financial Officer:

The Chief Financial Officer (CFO) role has steadily evolved and expanded over the last few decades. No longer narrowly focused on the mechanics of finance, today's CFO is a member of the senior management team, serving as the CEO's business partner and involved in designing and overseeing strategy, operations and performance.

implementing their organizations' business models, tying their firms' business strategies to shareholder value, performance management, taking line management responsibility in operating businesses, and creating finance organizations with employees who are proficient in nontraditional skills and areas.

In the past, CFOs spent most of their time focused on recording and reporting, monitoring financial statements and capital structures, and other highly transaction-intensive roles.

In addition to demonstrating competence in their traditional financial control and reporting fields, today's CFOs must also be excellent communicators, with the ability to build confidence and trust among internal and external constituencies.

Today, the CFO profession encompasses nearly every facet of corporate activity: designing and

Chief Marketing Officer

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Brand image building	Brand image building, demand generation, web/e-commerce management	Driving business innovation, brand image, security (online and information), e-commerce development
Roles and responsibilities	Creation of brand image advertising efforts, development of brochures and collateral pieces, management of advertising agencies, support for the sales function	Creation of brand image efforts, management of direct marketing functions, management and coordination of web presence and e-commerce support, collateral creation, management of all marketing communications agencies	Identification of marketplace opportunities and strategies to drive new business, product development. Creation of brand image efforts, management of direct marketing functions, management and coordination of web presence and e-commerce support, collateral creation, management of all marketing communications agencies
Audiences	External	Internal, External	Internal, External
Measurement of Value	Brand awareness measurements, word-of-mouth response to creative executions, advertising awards	Brand awareness and brand value measurements, consideration and preference measurements, lead tracking and pipeline measurements	New business revenue, brand awareness and value, consideration and preference measurements, lead tracking and pipeline measurements, ROI measurements
Skills	Advertising background	Agency management, direct marketing, pipeline management, e-commerce	Sales, business development

Continued on page 36

**THE AUTHENTIC ENTERPRISE:
RELATIONSHIPS, VALUES AND THE EVOLUTION OF CORPORATE COMMUNICATIONS**

Chief Marketing Officer, Cont.

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Talent Pool	Agencies	Marketing department, external agencies	Business development, strategic consulting
Leadership	Report to Sales or COO	Reports to CEO	Reports to CEO

Evolution of the Chief Marketing Officer:

In the past, the Chief Marketing Officer's (CMO) role was largely tactical – to create markets for a company's products and services and to shape perceptions. Marketers have been regarded as more functional than strategic with limited influence outside the profession.

seeking revenue generating opportunities, influencing product development, and shaping the sales coverage model. CMOs have also transformed the function from a cost center to a strategic business partner, while establishing strong relationships and trust with the CEO and other C-suite executives.

The CMO role has since evolved beyond traditional advertising, marketing and branding. Today's CMO has assumed a more transformative role, which includes driving business innovation,

**THE CEO VIEW:
OPPORTUNITIES
& CHALLENGES
FOR THE SENIOR
COMMUNICATIONS EXECUTIVE**

Arthur W. Page

ARTHUR W. PAGE SOCIETY



ARTHUR W. PAGE SOCIETY

INTRODUCTION

The Arthur W. Page Society Board of Trustees established the Page Mission Task Force to examine the evolving role of the senior communications executive in 21st century business. As a part of that effort, the task force commissioned a survey of corporate Chief Executive Officers on their perceptions and expectations of the chief communications officer's changing role in the corporation. To conduct the survey, the task force engaged Financial Dynamics Business Communications, one of the world's most sought-after business and financial communications consulting services. This report was prepared for the Page Society



by Financial Dynamics, which stands behind its methodology and conclusions. The Page Society gratefully acknowledges Financial Dynamics for generously contributing its expertise and support on a largely pro bono basis.

OBJECTIVES

The purpose of this research program was to assess CEOs' current perceptions and expectations of communications chiefs, as well as provide an understanding of what CEOs view as the future role for communications chiefs in the world's leading companies.

This report will focus on the following key issues:

1. An overview of the perceived changes in the role of communications chiefs and the expectations CEOs have for them in light of recent changes in the business world as a whole.
2. An analysis of the current positioning of communications chiefs within the world's leading companies.
3. Strategic recommendations for the best ways for communications chiefs to redefine their role in the context of CEOs' vision for the future of communications and how they conduct their businesses.

METHODOLOGY

We conducted in-depth interviews with the CEOs of 31 US and international companies that have more than \$2 billion in revenue. Twenty-one of these companies currently have Page Society members in senior communications executive positions; and ten do not currently have a Page member in their organization. CEOs were chosen at random from both samples, and represent a range of industries, tenure as CEO, revenue and Fortune rankings.

The interviews were conducted from December 4, 2006 through March 6, 2007. Interviews were scheduled at the convenience of CEO participants, lasted 10-15 minutes in length, and were conducted over the phone.

All CEOs were promised complete confidentiality as an express condition of their participation. The names of CEOs and their company names will not be used to identify participants for any purpose. Additionally, CEOs' comments and insights are presented in aggregate form only.

In return for their participation, the CEOs were offered the following:

- Executive summary of findings; and
- Charitable Contribution – As a token of appreciation to the participants, \$400 contributions are being made on the CEOs' behalf to the charities of their choice.

See Appendix A for the sample profile of participants.

See Appendix B for a description of sub-sample variations.

See Appendix C for the in-depth interview discussion guide.

EXECUTIVE SUMMARY

Big Changes

- **Overall Change** – CEOs feel that in the last three to five years, a seismic shift has occurred in how the public – and by extension the government – sees corporations, and a corresponding rise in demands for transparency in everything from financial disclosure to mergers and acquisitions to personal information.

Key drivers include:

- Sarbanes-Oxley;
 - The decentralization of media (e.g., blogs, YouTube, non-U.S.);
 - Corporate scandals (e.g., Enron, Worldcom); and
 - Changing employment patterns. (shorter average term).
- **Blurred lines** – CEOs suggest that in the past there were clearer lines between their companies’ inside and outside, and they were relatively separate from each other. Managers talked to shareholders and employees, and the public relations team managed the press.
 - **Diminished traditional roles** – Today, the media reports semi-arcane internal details, employees blog about their experiences, and shareholders are increasingly aggressive. Managing these elements, they feel, demands both specialized expertise and broad business knowledge.

CEOs feel that communicating their companies’ values has become more complex at the exact time that it has become absolutely essential.

The Evolving Role of Communications Executives

- CEOs see their top communications executives as more valuable than ever, and they see the importance of communications for their companies as highly likely to increase in the future.

- The skills and attributes that CEOs are looking for in their top communications executives have expanded. Experience in communications is taken for granted, and not considered enough anymore.
 - CEOs want communications executives who are business savvy, with a deep understanding of their companies from top to bottom.
 - CEOs also want communications chiefs to be proficient in three key modes of operation – reactive, proactive and interactive.
 - Reactive communications exhibit the traditional role of playing defense – protecting the company’s reputation and responding effectively to crises and other unexpected developments.
 - Proactive communications involve the more advanced skills required to play offense – seeking new opportunities to enhance the company’s reputation.
 - Interactive communications represent the future of the profession – the emerging imperative to build values-based relations and two-way collaboration with diverse constituencies.
- CEOs see their communications chief as a critical part of their team, and across the board, there are categories of decision making in which CEOs would consider it grossly negligent NOT to have that individual at the table.

“You want the head of your communications staff to be stronger than you’ve been willing to deal with in the past: more experienced, higher quality thinking process, being able to see around the corners, broader experience base. All those things.”

"I see the execution and impact of what they do adding more and more value. For us it was somewhat of a special initiative two or three years ago to really ramp this up, and now it's more of an institutionalization of that process."

The Future of the Role

- While there is a clear trend toward more and higher-level corporate communications involvement across the board, CEO opinions vary widely as to whether or not decisions outside the function's traditional sphere (e.g., mergers and acquisitions, new markets, new products) demand a corporate communications presence at the table.
- The case for C-suite representation is building and is, in fact, accepted by many CEOs, but significant pockets of skepticism remain.

Sub-group Variations

- While CEOs are unanimous on recent changes in the overall business climate, as well as the increased importance of their top communications executives, their views vary with regard to:
 - Receptivity to C-suite status; and
 - The degree to which the top communications executive is at the table when key corporate decisions are made.
- Key differences in CEO perceptions exist among the following types of company profiles:
 - Consumer vs. non-consumer;
 - Global vs. domestic; and
 - Direct report to CEO vs. non-direct report.
- Upon sub-sample analysis, we found no material differences between CEOs who currently have Page members in the top corporate communications position and those who do not have Page representation. We found no measurable differences between these two groups in:
 - Observable attitudes toward the role of corporate communications in their companies;
 - The organizational status and titles of top communications executives; or
 - The reported belief that communications is an integral strategic function versus it being a tactical function.

THE CEO MINDSET

Against a broad background of significant recent change, CEOs' perceptions of the role of corporate communications for their companies are being shaped by a number of key drivers:

- **It's personal** – CEOs feel an acute personal sense of exposure to the public sphere in general and the media in particular. Whether it's something they say in Shanghai turning up on a blog out of Ann Arbor, or the now-routine public discussion of their compensation packages, CEOs feel that how they handle themselves personally affects their company's reputation more directly than in the past. They also increasingly believe that poor communications skills can literally cost them their jobs.
 - Because downside communications risk feels so personal, they often want to have (and do have) a close relationship with their communications head, regardless of org-chart protocol.

"In this company, [the communications head] is linked at the hip with me. I take it as my job to be a communications person for both the industry and the company. This individual is my senior staff person who does most of the heavy lifting."

- **The media are everywhere** – CEOs are amazed by the proliferation and the increasing influence of nontraditional media sources, and while they acknowledge that this presents unique challenges, many also feel that, if managed properly, this changing media portfolio represents more of an opportunity than a threat.

"With all the information out there, they have a huge responsibility for managing the perception and reputation of the CEO as well. In today's environment, CEOs are constantly under attack."

"There's very little difference these days between internal and external communication. Whatever you say internally can show up in the media almost immediately."

- **Reputation is more valuable now** – CEOs feel there is a distinct dividing line between "good" guys and "bad" guys in a rapidly expanding range of categories. Apart from the traditional P&L measures, they see social responsibility, the environment, philanthropy and employee communications as dramatically more important in the last three to five years. They now see these issues as having a material impact on the bottom line.
- **Employees are harder to reach** – The sheer size of companies, their often expansive geographic coverage, and employees' shorter average tenure requires CEOs to work in more sophisticated ways to communicate their company's values and their vision.

"The weight of the job between external and internal communications has shifted. And I think internal communications is just more important than it ever used to be."

- **A crack team is essential** – The model of the isolated, dictatorial CEO, if it ever really existed, is no longer relevant among CEOs. Important decisions are the result of extensive collaboration. People outside the company are often part of the conversation to some degree, including regulators, NGOs, labor leaders, environmental groups and other public interest groups, depending on the industry.

**THE CEO VIEW:
OPPORTUNITIES & CHALLENGES FOR THE SENIOR COMMUNICATIONS EXECUTIVE**

- **If you can't measure it, you can't manage it** – This is a cliché of the business world, but this belief underlies much of what CEOs say about how they evaluate their staff. They feel themselves to be judged based on tangible results, and they are extremely comfortable judging others that way.
- **Everyone thinks globally** – CEOs acknowledge that even companies based in the U.S. have to be sensitive to foreign perceptions. Outsourcing is one reason, as is the fact that once a product or service matures in the U.S., the most obvious place to expand is overseas. The net effect is that CEOs feel they must conduct themselves and their businesses as if they were global, even if that's not technically true.

"Most companies, even if they aren't global, certainly act in a much more global environment."

How CEOs Make Decisions

Most of the CEOs we spoke with make decisions by first separating any issue into one of two categories: strategic or tactical.

- **Strategic** – Strategic refers to the most vital decisions of a company. These decisions demand a significant degree of vision into the future, and include mergers, partnerships, new products, new markets, financial and risk management, and broad positioning. These types of decisions enter the collaborative (e.g., conversation-based) decision framework, and strategic talent is most highly valued by CEOs.
 - The CEO's forum for discussing and deciding these issues is generally his or her direct reports, sometimes branching out to specialist executives outside the inner circle.

"I believe the traditional head of Corporate Communications has moved from a tactical to a strategic role in a very real sense because of the prevalence of the media and the 24/7 nature of it."

- **Tactical** – Tactical refers to matters relating to the practical execution of the company's strategy. While CEOs highly respect tactical talent and see it as a key way for executives to prove themselves, tactical work is nevertheless seen as a less valuable skill than strategic thinking.
 - Tactical decisions are most often immediately delegated, and CEOs depend on their line staff to take care of anything that falls into this category.

"[The communications head] doesn't influence business decisions. What this person does is make sure that we understand how to appropriately communicate decisions and how to get information out."

THE IDEAL COMMUNICATIONS CHIEF

CEOs look for the following key attributes in an ideal communications chief:

- **Detailed knowledge of the business** – This is far and away the most critical quality for a top communications executive. All CEOs believe that their businesses are large and complex entities, and that their companies cannot be communicated well if their top communications executives do not intimately understand them. CEOs also feel this hurdle is where some communications professionals fall short – where their knowledge is limited to communications, and does not include knowledge of business in general and the details of their company’s business in particular.

“You can’t just be at a high level of the company; you have to have full knowledge of the company and the organization.”

“Where some communications executives have fallen down is in having to know the business cold. They really have to understand the intimacies of the business, because otherwise you can’t represent the company to the outside world.”

- **Extensive communications background** – Experience and extensive relationships are to some extent taken for granted, although CEOs in different industries see nuances in the kind of background a given executive has. CEOs in highly regulated industries, for instance, are likely to put a particular premium on government and/or political experience. CEOs are clear, though, that while a strong communications background is necessary, it is not sufficient.

“Obviously, if you have someone who is relatively inexperienced in business and is simply a communications/PR expert, that doesn’t work.”

“I expect everyone on my senior team to have a functional role, but I also expect them to be business savvy.”

- **A crystal ball** – CEOs say in today’s business context, a communications chief’s ability to “see around corners” and anticipate how different audiences will react to different events, messages and channels is critical. CEOs recognize that the proliferation of media and audiences means that the communications head’s job is extremely demanding, but in their minds, that’s the price of success.

“They need to be able to anticipate the reactions of governments, private interest groups, shareholder factions and so forth, in real time.”

- **C-suite credibility** – While CEOs acknowledge that credibility is subjective, they feel across the board that it’s crucial for the communications head to be accepted at the highest levels. One particularly strong credential is experience in running a business or major division, whether at their present company or elsewhere.

“They have to be good enough to earn their way to the key decision table.”

- **Extensive internal relationships** – CEOs want their communications head to have his or her finger on the pulse of the company, which means to them that this executive knows employees at every level of the operation.

**THE CEO VIEW:
OPPORTUNITIES & CHALLENGES FOR THE SENIOR COMMUNICATIONS EXECUTIVE**

"The communications folks have to be extremely close to the troops. They have to have different contacts within the organization, whether it's in the factory, the sales force or the logistics chain."

- **Team player** – A CEO's key decisions are generally made on a collaborative basis through a series of conversations with groups of people over time. Any serious player in these talks must have strong relationships with colleagues and the respect of the CEO's inner circle.

"You can't just be the buddy of the CEO and be successful these days. You have to have the ability to be a key member of the team."

- **Educator** – CEOs increasingly see the need for the communications head to educate the rest of the company on communications skills in general, as well as to generate strategies for communicating the company's values specifically. They also see building the internal network as a key asset for their communications head.

TITLES FOR COMMUNICATIONS CHIEFS

- The titles held by the top communications executives are a mixed bag, including Chief Communications Officer, Executive Vice President, Senior Vice President and Vice President.
- Many CEOs say the title of Chief Communications Officer is novel, and it has both supporters and detractors. Respondents who are less receptive to the CCO title express concern that a title of that magnitude was likely to have unpredictable ripple effects inside the C-suite.
- CEOs whose communications chiefs have direct-report status are highly amenable to the Chief Communications Officer title, even if their own communications chief has a different title (e.g., Executive or Senior Vice President).

What It Means

- Making the case for the integral nature of communications is, in effect, also to make the case for direct-report status and for “Chief Communications Officer” as the standard title for the top communications executive.
- Making the communications case to the CEO is obviously critical, but equally important is making the case to the CEO’s inner circle, who CEOs feel may be unsettled by a sense of “dilution” of their title or access.

“I like a title that says that she is the Chief Communications Officer. I like to know what a person does by his or her title; it saves 10 minutes of conversation at the front end.”

“It’s a good question why we don’t call them a CCO. I don’t think it’s a term that has been used frequently.”

“I think the two reasons the top communications executive doesn’t report to the CEO are: the CEO isn’t sufficiently thoughtful about the communications aspect of his or her work, and the quality of the communications executive isn’t high enough.”

MESSAGING IMPERATIVES

CEOs believe that the news cycle and the general ramping-up of media focus on corporations – which have driven the growing importance of the role of communications executives – have fundamentally changed the way messages must be conceived and communicated, and their impact measured.

The following messaging imperatives drive CEOs' expectations for how their top communications executives get the job done:

- **All stakeholders are the same** – While message segmentation may have had a role in the past, CEOs no longer see it as a realistic or desirable strategy, and believe it may, in fact, be a significant liability. CEOs across the board want to see a consistent, value-driven message platform that can be used among all stakeholders.
 - CEOs feel a well-designed message platform means that all employees, shareholders and even the public at-large become potential brand ambassadors.
 - Messaging must be profound enough, simple enough, and flexible enough to be effective for all audiences at the same time.
- **Values are key** – CEOs feel that communicating their company's values is the fundamental basis for message platforms and, increasingly, at the heart of ALL business decisions. While CEOs feel they have an intuitive grasp of their company's values, they look to their communications chiefs to help in the definition process and then to refine, systematize and particularize the overall message.
 - Communicating values is not about individual messages or sound bites, but rather the basic corporate principles underlying the messages.

“Communicating the values is crucial. When values are understood properly and expressed well, they become tools.”

- **Distribution is a major challenge** – Figuring out how to reach all stakeholders effectively is a significant challenge posed by the increasing number of stakeholder groups, as well as their vast dispersion.

“Before, PR was mostly generating stories, but today a big part of the job is enlisting your own employees and associates to buy into and help drive the strategy of the company. Now we’re trying to make sure 70,000 people know the plan and help us get there.”

- **Measurement is needed** – CEOs are interested in a systematic, fact-based way to measure progress on both internal and external message penetration and retention.
 - CEOs feel if they can measure it, they can manage it. Just as importantly from their perspective, they believe measurement helps them make a stronger case within the C-suite for communications as an added value.

“Most importantly, they ought to have a full understanding of a strategy and know whether it is understood and grasped among stakeholders and employees.”

THE ARC OF COMMUNICATIONS WORK

According to CEOs, there are three key modes of operation for communications chiefs:

1. Reactive;
2. Proactive; and
3. Interactive.

While it is necessary to always be prepared to react to situations as they arise, being solely reactive is seen as insubstantial in today's context. Being proactive is now seen as necessary, and progressively more difficult, as the business world becomes increasingly complex. Interactive communications are what CEOs hope to achieve, and are the realm of the more sophisticated communications executives that CEOs now seek for their companies.

Reactive

CEOs acknowledge that a substantial part of the job is managing the unexpected. They feel that preparation – e.g., understanding the company's business intimately, knowing the media channels cold and having done the values-based message-frame homework – is the best defense in emergencies.

The most common functions of reactive communications include:

- Prioritizing incoming requests for information, interviews, statements
- Issuing press releases
- Managing the press
- Serving as the quoted spokesperson
- Managing public/media events
- Monitoring external reputation
- Crisis management

Proactive

According to CEOs, this is a common and highly respected mode of communications. Proactive communications chiefs approach communications to all stakeholders comprehensively. These executives “know the business,” and have a

sophisticated level of preparation and consistency, often operating ahead of major issues and trends.

The most common functions of proactive communications include:

- Serving as the point person on all communications-specific issues
- Generating positive press coverage for the company
- Shaping both short- and long-term messaging
- Developing CEO-specific messaging for speeches, events or media engagements directly with the CEO
- Monitoring reputation across stakeholder groups
- Communicating to and educating employees

Interactive

The interactive approach to communications is comprehensive, highly integrated, and represents the most strategic and synthesized level of thinking about communications. It is viewed by CEOs as truly aspirational, as it embodies what CEOs hope to see for the future of their communications chiefs and their companies as a whole.

CEOs believe that the general public has increasingly become a part of the corporate ecosystem and that their top communications executives must effectively engage and incorporate the public into the fold of values-based messaging.

They are looking for new thinking along two key dimensions:

1. How to collaborate with the public and internal audiences; and
2. How to clarify and disseminate the company's values.

The most sought-after functions of interactive communications include:

- **Synthesis of values** – This involves bringing company principles together in a clear and concise framework that addresses all

**THE CEO VIEW:
OPPORTUNITIES & CHALLENGES FOR THE SENIOR COMMUNICATIONS EXECUTIVE**

stakeholders. At this level of communications, the communications chief is responsible for the collaborative process of shaping corporate reputation.

- **Measuring external/internal message impact** – CEOs seek to quantify reputation and messaging impact.
- **Identifying and engaging nontraditional stakeholders** – CEOs see effective values-based messaging as enabling them to build coalitions of supporters in nontraditional spheres. They also see the need for some degree of management and/or servicing of niche players – as opposed to focusing solely on the “big” categories such as the mainstream media, shareholders and employees.
- **Moving outside the traditional sphere of communications** – Due to the interconnectedness of the interactive model, communications chiefs achieve a higher level of involvement in strategic decisions, including those outside the traditional communications portfolio (e.g., finance, mergers and acquisitions, expansion/contraction).
- **Identifying the future of the company** – The interactive communications chief is responsible for initiating deep thinking on the long-term future of the brand and thought leadership.

GETTING TO THE TABLE AND STAYING THERE

CEOs identify personal credibility, unique information and long-term vision as the key drivers (apart from communications skills, which they take for granted) for a given communications chief's proving him- or herself at the company's strategic decision-making level.

Personal Credibility

CEOs emphasize personal qualities more than training in describing what it takes for communications heads to succeed at the highest levels. While this concept is highly subjective, CEOs identify the following as key elements of credibility:

- Intimate and detailed knowledge of the company;
- Strong business knowledge (e.g., theory and practice of finance, supply chain management);
- Leadership experience; and
- Breadth and depth of internal and external relationships.

Unique Information

There is a strong push among CEOs for communications chiefs to bridge the perceived gap between the "soft skills" of communications and the numbers-based performance idioms of the boardroom. Strategic planning requires unique, fact-based perspectives including:

- Internal and external reputation tracking;
- Analyses of company performance before and after events that impact reputation; and
- Reputation comparables or case studies.

Long-term Vision

While CEOs do not yet see communications as a primary driver (as opposed to an adjunct or contributor) of long-term strategy, the strong CEO belief in the strategic nature of company values suggests that communications chiefs have an important role in initiating and collaborating with other internal leaders to establish the company's long-term vision.

Since vision is highly abstract, CEOs are responsive to highly concrete manifestations of it in:

- Values-based messaging for all divisions;
- Short-, medium-, and long-term positioning plans;
- Developing and implementing strategies for managing and leveraging new media; and
- Demonstrating how company values can drive the concrete elements of traditional business strategy (e.g., new products, markets, materials, mergers and acquisitions, policies).

CONCLUSION

- The communications chief's role at major companies has expanded dramatically over the last three to five years. Both the function in general and the role of its leader are likely to continue growing in complexity, scope and perceived importance within the C-suite.
- CEOs have outlined the following nontraditional skills that will be increasingly valuable for communications heads in the near future (if not now):
 - Detailed company/industry knowledge
 - Wide business competence
 - Broad and deep internal relationship network
 - Quantifiable long-term vision
- CEOs are looking for new ideas on establishing once and for all, in the language of the boardroom, the quantifiable value of communications to their companies. Because communications chiefs are relatively new to the table, CEOs feel the burden rests with them to make the case definitively.
- Every company is different, and the range of CEO opinions on the scope of communications is significant. Tactics for making or consolidating the case for the scope of communications will, accordingly, vary.
- The biggest conceptual challenge for communications heads will be adapting the traditionally subjective strengths of communications to the more objective, numbers-based idioms of the boardroom.
 - On a company performance level – “How is communications adding tangible value on a company-wide basis?”
 - On a personal performance level – “How has the communications chief fulfilled his/her role in the company?”
- Mastering and demonstrating these skills, and producing concrete answers to these questions, are key to establishing and consolidating the role of communications heads in the world's top corporations.

APPENDIX A: SAMPLE PROFILE

Category	Number of Interviews Completed
Member Status	
Page	21
Non-Page	10
Industry	
Beverages	2
Chemicals	1
Commercial Banks	1
Diversified Financials	1
Electronics, Electrical Equipment	3
Energy	1
Insurance: Property & Casualty	1
Insurance: Life, Health	2
Internet Services and Retailing	1
Mail, Package, Freight Delivery	1
Motor Vehicles and Parts	2
Packaging, Containers	1
Pharmaceuticals	4
Publishing, Printing	1
Securities	2
Specialty Retailers	1
Telecommunications	2
Utilities: Gas & Electric	1
Wholesalers: Diversified	1
Wholesalers: Healthcare	2
Revenue	
\$2B-\$25B	21
\$26B-50B	4
\$50B+	6

APPENDIX A: SAMPLE PROFILE (CONTINUED)

Category	Number of Interviews Completed
Global Rank	
1-250	8
251-500	7
US Rank	
1-250	17
251-500	7
501-1000	3
CEO Tenure	
Less than 2 years	3
2-4 years	13
5-7 years	9
8-10 years	3
10+ years	3
CEO Age	
Less than 45	1
45-50	6
51-55	8
56-60	10
61-65	5
66-70	1
Region	
US-Northeast	9
US-Midwest	9
US-South	6
US-West	4
Europe	3

APPENDIX B: SUB-SAMPLE VARIATIONS

Consumer vs. Non-Consumer

CEOs of companies that are more directly exposed to the consumer market than B2B companies differ along the following dimensions:

- C-suite status for communications heads is more common among CEOs with companies involved with direct connections to consumers.
- Direct-to-consumer CEOs report more of an impact of the proliferation and nontraditional media channels on their companies than B2B companies.
- The CEOs of direct-to-consumer companies not only feel that consumers have taken a new and more in-depth interest in corporations, but that this has substantially increased the importance of reputation and strategic reputation management for their companies.

Global vs. Domestic

CEOs of companies that are actually global (as opposed to simply “thinking globally”) differ from their domestic CEO counterparts in that:

- Global companies show greater receptivity to communications as a driver of strategy, attributing the need for cohesive communications due to the complicated elements of foreign operations and cultural issues.

Direct Report to CEO vs. Non-direct Report

There is a strong connection between reporting status and the overall perception of the strategic role of corporate communications, as well as the likelihood of use of the CCO title:

- Companies in which the communications head reports directly to the CEO are inclined to report a stronger emphasis on the strategic role of communications for their companies.
- Direct report companies are also more likely to utilize the Chief Communications Officer title rather than some variation on Vice President, which is more common in companies where the top communications executive does not report to the CEO.

What It Means

- The communications case for companies with limited consumer exposure has yet to be made. Since, across the board, CEOs see their businesses as tending toward global representation, emphasizing communications’ role in gaining productive access to foreign markets helps advance the positioning of the communications chief.
- For companies with consumer and/or global exposure that have not yet adopted the CCO title, making the case based on comparable companies adopting CCO status is looking increasingly possible.
- Direct report status is likely to depend on the CEO’s perception of:
 - The strategic nature of communications within the company; and
 - The perceived quality of the executive.



ARTHUR W. PAGE SOCIETY

APPENDIX C: DISCUSSION GUIDE

Interview Protocol

Purpose/Sponsor of study

Thank you again for taking time out of your busy schedule to speak with me today. The survey should take no more than 15-20 minutes of your time, and is sponsored by the Arthur W. Page Society.

The Arthur W. Page Society is a select membership organization for senior public relations and corporate communications executives. Since its incorporation in December 1983, the Society has sought to bring together senior communications executives representing a wide spectrum of industries who are interested in helping each other and perpetuating the high professional standards set by Arthur W. Page.

The survey is being conducted exclusively with CEOs from Fortune 500 companies in order to help the Arthur W. Page Society and the communications profession at large better understand the changing strategic needs of their CEOs and more effectively address their company's needs.

I represent the Business Consulting practice at Financial Dynamics. Our firm specializes in conducting elite research with senior executives in the United States, Europe, Latin America, and Asia. We've been retained by the Arthur W. Page Society to design the survey, conduct the interviews, and interpret the findings.

Confidentiality

I would appreciate your candid opinions, and would like to assure you that all of your responses will be used only for research purposes and kept completely confidential. Your name will not be used on our reports, and no remarks or opinions you express will be directly attributed to you or your company. Comments and insights from the interviews will be presented in aggregate form only, and will not be disclosed to Page Society members or your individual communications executive.

Incentives

In appreciation of your time and cooperation, we will be providing you with:

- An exclusive summary of the research findings; as well as
- \$400 to the charity of your choice.

Discussion Topics

As you know, the role of the CEO in a Fortune 500 company has changed over the last few years in response to a rapidly changing and dynamic business environment. In this context, some have argued that the role of senior communications professionals, particularly the [CCO/senior communications executive], has also shifted significantly over the past several years.

The Evolution of the Role

1. How do you think that the role of the [CCO/senior communications executive] in companies like yours has changed, if at all, over the past several years?
 - Have they become more/less influential in business decisions outside the traditional purview of the communications function – decisions that affect broader corporate behavior and strategy? Why/why not?
 - In which kinds of these broader corporate decisions has the [CCO/senior communications executive] become more influential? Less influential? Why? [PROBE: corporate reputation; sales; product development; merger/acquisition; labor relations; organizational change/restructuring initiatives; CRM; employee relations; crisis management; government/public affairs; investor relations; corporate social responsibility; outsourcing; developing corporate principles/values; cultural change; new media channels]

APPENDIX C: DISCUSSION GUIDE (CONTINUED)

2. Looking ahead, how do you think the role of the [CCO/senior communications executive] should change over the next few years to better address your needs and the needs of your company?
 - Which kinds of business decisions outside the traditional purview of the communications function should they play a role in? Which ones should they not be involved in? Why? [PROBE: corporate reputation; sales; product development; merger/acquisition; labor relations; organizational change/restructuring initiatives; CRM; employee relations; crisis management; government/public affairs; investor relations; corporate social responsibility; outsourcing; developing corporate principles/values; cultural change; new media channels]
3. What do you think are the most serious challenges a [CCO/senior communications executive] at your company is likely to face over the next few years? [PROBE: global integration; fast-paced technological changes; hostile business media; new stakeholders; activist constituencies/shareholders]
4. What kind of [CCO/senior communications executive] would be in the best position to effectively address these challenges and take on these new responsibilities?

[PROBE, AS NEEDED:]

 - What kind of person should they be? [PROBE: Introvert/extrovert; detail-oriented; team-player; creative; leader]
 - What kind of background/experience would they have? [PROBE: skills; previous jobs; areas of expertise; international expertise]
 - What should their primary focus be? [PROBE: Which stakeholders should they be most focused on? What issues should they concentrate on?]
 - What would be their relative position inside the senior executive suite? What kind of relationship would they have with other senior executives/C-suite executives? What kind of relationship would they have with the Board?
 - What would be their level of interaction with/relationship to the CEO?
 - What would be their title? Is the best title for this person CCO; CPRO; or some other title? Why?

APPENDIX C: DISCUSSION GUIDE (CONTINUED)

Wrap Up

We hope this discussion has been interesting for you. It's been very useful for us. Moving forward, if you think of anything else you'd like to add, please do not hesitate to contact me with any further comments or ideas.

Please know that all of your responses will be used only for research purposes and kept completely confidential. Comments and insights from the interviews will be presented in aggregate form only, and will be used to help the Arthur W. Page Society and the communications profession at-large better understand the changing strategic needs of their CEOs and more effectively address their company's needs.

As discussed, in order to show our appreciation for your time, we will send you a summary of our findings when the study is complete. To do so, I just need the following information:

RESPONDENT NAME: _____

COMPANY: _____

ADDRESS/EMAIL: _____

Also, to make a donation to a charity of your choice, I need the following information:

CHARITY: _____

ADDRESS: _____

USE NAME/ANONYMOUS: _____

Thank you for your time. Good day/night.



ARTHUR W. PAGE SOCIETY

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ARTHUR W. PAGE SOCIETY

PAGE PHILOSOPHY AND PAGE PRINCIPLES

The Page Philosophy

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character—both corporate and individual.

This vision was a natural outgrowth of his belief in humanism and freedom as America's guiding characteristics and as preconditions for capitalism.

The successful corporation, Page believed, must shape its character in concert with the nation's. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way:

“Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

The Page Principles

- *Tell the truth.* Let the public know what's happening and provide an accurate picture of the company's character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by what it says.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.

- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company's true character is expressed by its people.* The strongest opinions—good or bad—about a company are shaped by the words and deeds of its employees. As a result, every employee—active or retired—is involved with public relations. It is the responsibility of corporate communications to support each employee's capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent and reasoned attention to information and contacts. This may be difficult with today's contentious 24-hour news cycles and endless number of watchdog organizations. But when a crisis arises, remember, cool heads communicate best.

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