Preliminary Findings from the CCI Practices & Trends Study 2007

Dr. Michael B. Goodman
Director, Corporate Communication Institute
Professor and Director, MA in Corporate Communication
Baruch College, City University of New York
Fall 2007
Focus of this Briefing

- Insights (10) from the CCI Practices and Trends Study 2007
- Key corporate communication function & budget responsibilities
- The communication officer’s perceived role of corporate communication
- Open-ended questions – public diplomacy, executive compensation, manager of corporate reputation
- Interview responses
- Site visits (2) – Planned
- Survey data (56 Charts) for reference
- CCI Briefing – October 3 & 22 (29)
- Final Briefing -- January 2008
Goals of the 2007 Study

- Outline & analyze state of the art in Fortune 1000 companies
- Continue the CCI Studies from 2000 - 2005
- Identify & analyze Corporate Communication practices
- Identify trends in Corporate Communication
- Build a database for further study
- Benchmark the CCI Corporate Communication Practices & Trends Study outside the U.S.
  - China 2006 – 2007
  - Africa 2007 – 2008
  - EU – 2007 - 2008
Methods of the Study

- Survey: 27 Questions
- Survey available online 2003, 2005, 2007 (password access)
- Mailed to Fortune 1000 companies: March 2007
- Follow-up postcard reminder: April 2007
- Second letter reminder: May 2007
- Response rate: 6.5%
- Interviews: 9
- Site Visits (2): Planned for October - November 2007
- Benchmarking – China 2005 – 2006; Phase 2 – 2007
- Benchmarking – Africa (South Africa) 2007 – 2008
- Benchmarking – EU (Germany, France, UK, Scandinavia) 2007-2008
Key Study Insights (1)*

- Build trust with all audiences, particularly internal audiences
- Relationships with external & internal communities matter a great deal
- Technology has intensified this “direct, candid, and open conversation with stakeholders”

**TREND:** Staying abreast of the “velocity & magnitude” of changes in their own company & industry; recognizing the dynamic change in the business of communication itself

**OPPORTUNITY:** How your company behaves underscores the simplicity of the business case – your “license to operate” is either granted, or revoked, by the society you are in

* Q 23,24,25; Interviews
Modest budget and staff increases (5%) have accelerated, staff responsibilities increase more rapidly to meet the challenge of new media technologies.

**TREND:** Companies continue to expect corporate communicators to accomplish more with fewer resources

**OPPORTUNITY:** Professional Development and Cross-fertilization of skills

**CHALLENGE:** To find enough of the right people; to develop measures for corporate communication value such as the “balanced score-card”

*Q 14,15; Interviews*
Staff Changes 2007 [Q#14]

INCREASED Staff

- 2003: 16.3% [5% incr]
- 2005: 4.7% [10% incr]
- 2007: 3.5% [15% incr]

DECREASED Staff

- 2003: 10.5% [5% decr]
- 2005: 11.6% [10% decr]
- 2007: 7.0% [15% decr]
- 2007: 9.3% [15%+decr]
Budget Change 2007 [Q#15]

INCREASED Budget
2003  2005  2007
- 14.6%  12.0%  23.0%  [5% incr]
-  5.8%  12.0%  8.2%   [10% incr]
-   0    6.5%  4.9%   [15% incr]
-  3.9%  3.3%  1.6%   [15% + incr]

DECREASED Budget
2003  2005  2007
- 11.7%  13.0%  8.2%   [5% decr]
- 10.7%  8.7%  3.3%   [10% decr]
-  6.8%  1.1%  1.6%   [15% decr]
-  8.7%  6.5%  8.2%   [15% + decr]
Public Diplomacy has become important in overcoming the hostile environment for multinational corporations.

TREND: Global issues have placed corporate leaders into the role of “business ambassadors and advocates for initiatives and policy changes” that lead to greater worldwide “cooperation, competitiveness, and engagement”

OPPORTUNITY/CHALLENGE: Address and embrace global issues for competitive advantage; Multi-nationals engage in “Public Diplomacy”

* Q 24: Interviews
**Key Study Insights (4)**

Communication is now more strategic than ever; corporate communication executives now see their primary role in the company as “manager of the company’s reputation” more so now than their role as “counsel to the CEO”

**TREND:** Strategic communication counsel accompanies the role of “Chief Communication Officer” (2001, 2002, 2003, 2005, 2007)

**OPPORTUNITY & CHALLENGE:** To become a trusted advisor

**WATCH:** The management of reputation can be difficult since there is considerable disagreement on what a corporation’s reputation consists of, how to measure it, and who in addition to the CEO should be responsible for it

* Q 21; Interviews
Reputation Management

* Statistics Show If Respondents Own The Function and Its Related Budget
Executive compensation issues have increased the need to clearly articulate “pay for performance” criteria, to educate constituent groups about retaining top talent, and to educate executives about the need for open, factual, non-defensive discussion about their compensation.

**TREND:** Media and public awareness of the issue demands a greater concern for transparency, employee dissatisfaction, and stakeholder backlash.

**OPPORTUNITY:** Embrace through action and behavior the company commitment to accountability and transparency.

*Q 23; Interviews*
Key Study Insights (6)*

- Managers are more mature; paid more; better educated
- Slightly more corporate communication executives are male
- Since almost half of corporate communication executives are over 50, consider the age difference between managers and their staff

TREND: Embrace diversity as a global asset

OPPORTUNITY: To mentor (and learn from) the next generation

* Q 6,7,8,10; Interviews
Gender -- Communication
Executives 2007 [Q# 6]
Age - Corporate Communication Executives 2007 [Q#7]
Education - Communication Executives 2007 [Q#8]

Corporate Communication Institute
www.corporatecomm.org
Salary 2007 [Q#10]

Corporate Communication Institute
www.corporatecomm.org
Key Study Insights (7)*

- Media and new technologies are pervasive, instantaneous, and global
- Transparency and disclosure laws and practices have made media relations more complex, and strategic
- New technologies force corporations toward tactical responses

TREND: Expect more demand for transparency

OPPORTUNITY: Embrace new tools (blogs, Really Simple Syndication, Consumer Generated Media)

CHALLENGE: How to be a “glass-house” company and also manage the messages

* Q 24,25; Interviews
Corporate communicators are less responsible for the management of the Investor Relations function

Nevertheless, they are increasingly engaged with the creation of the Annual Report

TREND: Developing a strong relationship with the capital markets is central to building and maintaining a positive corporate reputation

OPPORTUNITY: Demonstrate strategic understanding of the business by becoming more involved with investor relations

* Q 13, 16, 25; Interviews
Investor Relations

*Statistics Show If Respondents Own The Function and Its Related Budget*

Corporate Communication Institute
www.corporatecomm.org
Annual Report

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
New technologies such as Web 2.0 offer a new crisis, creating a “geometric progression” of more challenges as a result of more transparency and hyper-connectivity.

TREND: Ethics and values offer a strong base for advocacy in the practice of corporate communication.

OPPORTUNITY: Transparency, disclosure, and “actually doing the right thing” give the company the credibility and reputation necessary to be an effective advocate.

* Q 23,24,25; Interviews
Although writing is still the core skill for Corporate Communication, the communications officer needs to have business knowledge; to understand budgets, and to know how to measure the value of communication to the organization

TREND: Also part of the skill set – strategic thinking; problem-solving; discipline; integrity; crisis management; media relations; “grace under pressure”

OPPORTUNITY: The focus on the contribution of intangible assets such as communication to the value of the corporation

* Q 25; Interviews
Key Functions [Q13] (%yes)

- Media Relations: 98.4%
- Public Relations*: 96.8%
- Executive Communication: 96.8%
- Communication Strategy: 96.3%
- Internal Communication: 91.9%
- Crisis Communication: 90.3%
- Communication Policy: 90.3%
- Reputation Management: 83.9%
- Annual Report: 80.6%
- Intranet Communication: 79.0%
- Internet Communication: 75.8%
- Corporate Identity: 67.7%
- Issues Management: 66.1%
- Community Relations: 58.1%
- Brand Strategy: 53.2%
- Corporate Citizenship: 48.4%
- Marketing Communications: 45.2%
- Mission Statement: 43.5%
- Advertising: 40%
- Corporate Culture: 38.7%
- Investor Relations: 21.0%
- Government Relations: 19.4%
- Ethics: 8.1%
- Technical Communication: 6.5%
- Labor Relations: 4.8%
- Training & Development: 4.8%

* Almost ubiquitous
Percent of Respondents who RANKED the following functions #1:

20.0% - Manager of company’s reputation
15.1% - Source of public information about the company
14.1% - Manager of relationships (Co. & Key non-customer constituencies)
13.8% - Advocate or “engineer of public opinion”
12.4% - Manager of the company’s image
11.9% - Driver of company publicity
11.4% - Manager of relationships -- co. & ALL key constituencies
2.7% - Support for marketing & sales
8.1% - Other

Note: Four New Options For 2002
Percent of Respondents who RANKED the following functions #1:

- 21.6% - Counsel to the CEO & the Corporation (*new-2002*)
- 18.0% - Manager of company’s reputation
- 15.3% - Manager of employee relations (internal comm.) (*new-2002*)
- 12.6% - Source of public information about the company
- 12.6% - Manager of relationships – co. & NON-customer constituencies
- 9.9% - Manager of the company’s image
- 8.1% - Driver of company publicity
- 7.2% - Manager of relationships – co. & ALL key constituencies
- 7.2% - Advocate or “engineer of public opinion”
- 6.3% - Branding & brand perception steward (*new-2002*)
- 4.5% - Support for marketing & sales
- 2.7% - Corporate philanthropy (citizenship) champion (*new-2002*)
- 0.9% - Other
Percent of Respondents who RANKED the following functions #1:

18.4% - Manager of company’s reputation
17.5% - Counsel to the CEO & the Corporation (new-2002)
14.6% - Advocate or “engineer of public opinion”
10.7% - Manager of relationships – co. & NON-customer constituencies
  9.7% - Manager of the company’s image
  8.7% - Source of public information about the company
  7.8% - Manager of relationships – co. & ALL key constituencies
  5.8% - Driver of company publicity
  5.8% - Branding & brand perception steward (new-2002)
  3.9% - Manager of employee relations (internal comm.) (new-2002)
  1.9% - Support for marketing & sales
  1.9% - Other
  1.0% - Corporate philanthropy (citizenship) champion (new-2002)
Percent of Respondents who RANKED the following functions #1:
19.4% - Counsel to the CEO & the Corporation (new-2002) [17.2% #2]
20.4% - Source of public information about the company [10.8% #2]
20.4% - Manager of company’s reputation [9.7% #2]
17.2% - Advocate or “engineer of public opinion”
9.7% - Manager of the company’s image
8.6% - Driver of company publicity
7.6% - Manager of employee relations (internal comm.) (new-2002)
7.5% - Branding & brand perception steward (new-2002)
5.4% - Support for marketing & sales
4.3% - Corporate philanthropy (citizenship) champion (new-2002)
4.3% - Manager of relationships -- co. & ALL key constituencies
1.4% - Other
1.1% - Manager of relationships – co. & NON-customer constituencies
Percent of Respondents who RANKED the following functions #1:
35.0% - Manager of company’s reputation [8.3% #2]
22.0% - Counsel to the CEO & the Corporation (new-2002) [5.1% #2]
14.8% - Source of public information about the company [10.8% #2]
14.8% - Manager of relationships – co. & NON-customer constituencies (LAST in 2007)
10.5% - Manager of employee relations (internal comm.) (new-2002)
  8.6% - Advocate or “engineer of public opinion”
  8.6% - Manager of the company’s image
  7.5% - Manager of relationships -- co. & ALL key constituencies
  6.9% - Branding & brand perception steward (new-2002)
  6.7% - Driver of company publicity 3.7% - Support for marketing & sales
  3.7% - Other
  1.9% - Corporate philanthropy (citizenship) champion (new-2002)
Three Open Ended Questions (Q23, Q24, Q25)

Q23 – Impact of executive compensation issue on the practice of corporate communication

Q24 – Impact of public diplomacy on the practice of corporate communication

Q25 – Corporate officer best prepared to manage the corporation’s reputation
“Less than expected”

“No impact”

“No public awareness in our case, but we have prepared responses, just in case”

“A major compensation and governance scandal in 2003 led to significant reforms, including a major commitment to strengthen transparency and accountability both inside and outside the company”
Q24 – Impact of public diplomacy

“Not sure what you mean by public diplomacy”

“Little”

“We ignore it (unfortunately)”

“Increasingly important as we diversify and build“

“Many look to the company for leadership in the industry and community”
Q25 – Officer best to manage the corporation’s reputation

CEO

CEO with support and counsel from VP communications

SVP Global Communications

Chairman; Chairman/CEO

“In a perfect world, a chief communications officer (with a seat at the table). At most companies, it falls to whom comms reports to (CFO, CMO, etc.)”

“The CEO is best positioned to manage reputation in that he or she is ultimately responsible for the company’s actions. Policies, and communications, which directly impact reputation.”
Eight questions sent by e-mail -- option to have a telephone interview or send return e-mail:

- The top three critical issues in corporate communication
- Strategic importance of corporate communication in your organization
- Top three trends in corporate communication in companies
- Trends unique to the corporation’s industry or sector
- Corporate communication contribution to overall success of the corporation
- Core competencies: for individual practitioners; for the corporation as a whole
- Impact of transparency and disclosure on the relationship between ethics and advocacy in the practice of corporate communication
- Additional comments
“First and foremost is trust. As much as we have made advances to repair the reputation of business through better governance and communication, we continue to take steps back as well. For example, corporate blogs have been helpful by fostering direct, candid and open conversation with stakeholders, but some companies and agencies have engaged in deceptive practices concerning blogs. When these frauds are exposed, the impression is: new channel, same corporate trickery.”
“To me, the main importance is to demonstrate leadership and credibility, in word and deed. Those qualities are necessary for our success, but they took a big hit in the governance and trading scandals we experienced in recent years. Only through strong communication and a consistent record of doing the right thing can we regain trust, and with it, the ability to lead. “

“Our CEO is both a visionary and a pragmatist, who sees communication as essential to the success of both roles. As a visionary, he recognizes his opportunity (and obligation) to answer the questions, "where are we going?“ as well as "how?" and "why?" As an engineer by training, he also sees communication as a practical tool to engage employees to help realize this vision.”
Selected Comments: Trends

“More willingness to explore social media and other "non-traditional" channels of communication; growing dissatisfaction with advertising as too one-way and expensive. On a related note, companies also are talking in a more personal, less corporate voice, such as that of corporate blogging, and the personal and friendly nature of that voice personalizes the company and engenders trusting conversation.”

“Greater leadership and involvement in social issues that are important to stakeholders and the general public. Companies increasingly advocate for better education and health-care reform, social goods that impact society just as much if not more than they directly impact a company’s bottom line.”
“We help create the rhythm and cadence internally and externally of the business; protect and rebuild the corp’s image at the same time.”

“Corporate communications plays a large role in reputation management, which factors into both the CEO’s individual performance goals with the board of directors as well as the company’s overall business objectives.”

“A lot, I believe, given the nature of our industry, our role in the communities we serve and our relationships with our customers.”
“an understanding of business in general, and a strong knowledge of how your specific organization works (makes money), strategic thinking, an ability to listen, an ability to counsel”

“The most essential is to have a "journalist's eye and pen" -- the ability (and drive) to identify a story and tell it in a compelling, concise way.

“Communicators also need to be at least conversant in management and finance, as well as core communications disciplines such as media relations, speechwriting and public speaking, crisis management and event management.”
“More than a competency, the corporation as a whole must have a strong commitment to the value of good communication. If it does, it will make the hard decisions necessary to support the transparency, engagement and advocacy that are essential to positive reputation and public relationships.”
“We just had a CEO who went through the “options backdating issue” fostered their departure. Put us in a challenging position going forward; 1) dealing with the ongoing investigation and the legal representation, and the protection and rebuilding of the corp. reputation.”

“Remedial actions are in place, and the outside council push back, so we said publicly we would, but the lawyers do not want us to communicate publicly”

“Conflict of the compliance and ethics and the rebuilding of the company brand. Have to balance the two.”
“Next crisis we will be faced with is Web 2.0 and beyond. It is clear that the next wave of tech adoption will only create a geometric progression of more challenges for cc due to the transparent and hyper connected nature that technology is bringing.”
Thanks
Survey Data

CCI Study 2007
Top Corp Comm Officer 2007: VP, SVP, EVP, Dir., Mgr
And other titles: Chief Comm. Officer, VP Global Comm.
Budget Change 2007 [Q#15]

INCREASED Budget

- 2003  2005  2007
- 14.6%  12.0%  23.0%  [5% incr]
- 5.8%  12.0%  8.2%  [10% incr]
- 0%  6.5%  4.9%  [15% incr]
- 3.9%  3.3%  1.6%  [15% + incr]

DECREASED Budget

- 2003  2005  2007
- 11.7%  13.0%  8.2%  [5% decr]
- 10.7%  8.7%  3.3%  [10% decr]
- 6.8%  1.1%  1.6%  [15% decr]
- 8.7%  6.5%  8.2%  [15% + decr]
Budget Cuts to Reduce Cost 2007 [Q#18]

Corporate Communication Institute
www.corporatecomm.org
## Staff Changes 2007 [Q#14]

### INCREASED Staff

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>16.3%</td>
<td>12.1%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Incr</td>
<td>[5% incr]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### DECREASED Staff

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>10.5%</td>
<td>3.3%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Decr</td>
<td>[5% decr]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Corporate Communication Institute
www.corporatecomm.org
Number of Employees 2007 [Q#3]

Corporate Communication Institute
www.corporatecomm.org
Advertising

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Annual Report

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Brand Strategy (new --2002)

* Statistics Show If Respondents Own The Function and Its Related Budget
Communication Policy & Strategy

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Community Relations

%  

Yes - Function  No - Function  Yes - Budget  No - Budget

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Corporate (Organizational) Culture

* Statistics Show If Respondents Own The Function and Its Related Budget
Corporate Identity

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Mission Statement

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Philanthropy (Citizenship)

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Crisis & Emergency

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Employee Relations

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Ethics Code

*Statistics Show If Respondents Own The Function and Its Related Budget*
Executive Speeches

* Statistics Show If Respondents Own The Function and Its Related Budget
Government Relations

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Internet Site

* Statistics Show If Respondents Own The Function and Its Related Budget
Intranet Site

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Investor Relations

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Issues Management

*Statistics Show If Respondents Own The Function and Its Related Budget*
Marketing Communications

* Statistics Show If Respondents Own The Function and Its Related Budget
Media Relations

* Statistics Show If Respondents Own The Function and Its Related Budget
Public Relations

*Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Reputation Management

* Statistics Show If Respondents Own The Function and Its Related Budget

Corporate Communication Institute
www.corporatecomm.org
Community Relations

- Yes
- No

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>60</td>
</tr>
</tbody>
</table>

Corporate Communication Institute
www.corporatecomm.org
Mission Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Agency & Vendor Use (14) [Q22]

Government Relations

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Corporate Communication Institute
www.corporatecomm.org
Internet

% of respondents using the internet by year:
- Yes:
  - 2000: 40%
  - 2001: 30%
  - 2002: 20%
  - 2003: 50%
  - 2004: 80%
  - 2005: 100%
  - 2006: 100%
  - 2007: 100%
- No:
  - 2000: 60%
  - 2001: 70%
  - 2002: 80%
  - 2003: 50%
  - 2004: 20%
  - 2005: 0%
  - 2006: 0%
  - 2007: 0%
Agency & Vendor Use (16) [Q22]

Intranet

%  

Yes

No

Corporate Communication Institute
www.corporatecomm.org
Agency & Vendor Use (18) [Q22]

Issues Management

Yes

No

%
Agency & Vendor Use (22) [Q22]

Public Relations

Corporate Communication Institute
www.corporatecomm.org
Agency & Vendor Use (23) [Q22]

Reputation Management

![Bar chart showing the percentage of Yes and No responses for Reputation Management across different years.](chart)

Corporate Communication Institute
www.corporatecomm.org
Agency & Vendor Use [24] [Q22]

Training

% 0 20 40 60 80 100

Yes No

2000 2001 2002 2003 2005 2007

Corporate Communication Institute
www.corporatecomm.org
Preliminary Findings from the CCI Practices & Trends Study 2007

Dr. Michael B. Goodman
Director, Corporate Communication Institute
Professor and Director, MA in Corporate Communication
Baruch College, City University of New York
Fall 2007