



Corporate Communication Institute at Fairleigh Dickinson University

CCI Corporate Communication Practices & Trends Study 2005: Final Report

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at Fairleigh Dickinson University
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EXECUTIVE SUMMARY

Key Insights (11) of the CCI Corporate Communication Practices and Trends Study 2005: (1) the need to build trust with all audiences remains a fundamental challenge for corporations through relationships with their internal and external audiences; (2) as budgets increase slowly, responsibilities are increasing more rapidly as companies expect corporate communicators to accomplish more with less; (3) Anti-Americanism and anti-globalism create a hostile environment for multinational corporations and building a responsible and accountable global corporate culture is vital to organizational health; (4) communication is now more strategic than ever, as corporate communication executives see “counsel to the CEO” and “manager of the company’s” reputation almost equally as their primary role in the company; (5) global issues such as outsourcing and terrorism place corporate communication executives as strategic counsel to the corporation applying an understanding of the global impact of the local act, and the local impact of the global act; (6) managers are more mature, better educated, and paid more; (7) news media and technologies are pervasive, instantaneous, and global; transparency and disclosure laws have made media relations more complex and strategic; (8) the expectations continues that the company be a good citizen and make money; (9) global terrorism makes crisis communication planning a critical success factor for corporate communication professionals; (10) transparency is becoming a best practice strategy for reputation management; (11) writing remains the core skill for corporate communication.

An emerging trend is the role of business in Public Diplomacy. Global companies and their brands touch the lives of more people than government representatives ever could. Businesses have often served a larger role in our society than that of carrying on the activities of commerce. They can serve a diplomatic function because of their intercultural sensitivity, as well as their understanding of the global enterprise they work for and of the world at large. In a world of instantaneous media coverage, transparency, and intangible value drivers, successful companies will welcome the challenge.

Since the first CCI Corporate Communication Practices and Trends Study in 2000, the Corporate Communication Institute has conducted this research to further the understanding of current practices in the field, as well as identify the major trends. The 2005 study findings reveal eleven insights, identify the key function and budget responsibilities of the corporate communication function, determine the perceived role of the chief communication officer, and articulate issues that concern the profession.

Goals of the 2005 Study

For 2005 the overall goal of the CCI Practices and Trends Study is to outline and analyze the state of the art for corporate communication in Fortune 1000 companies. With the first study in 2000, it was determined to focus on publicly traded companies for several reasons. First, information in such companies is public and more readily accessible. Second, public companies are often in the vanguard of corporate practices because the pressures of the capital markets, of their need to respond to the media, and the realities of the global marketplace. And finally, public companies have a greater understanding that their license to operate comes from public approval and is maintained by public trust.

This latest study continues the CCI Studies from 2000 – 2003. The Corporate Communication Institute determined that the practices and trends study could be conducted every two years, and this cycle of research was implemented with the 2005 research. In years the practices and trends study was not conducted, the focus of CCI's research would be on particular issues that have an impact on the profession. For example, in 2006 CCI embarked on a Benchmark Study of the Corporate Communication Practices and Trends in China.

In addition to identifying and analyzing practices and trends in Corporate Communication practices in Fortune 1000 companies, the continuing goal of CCI's research is also to build a database for further study. And a major goal of the institute is to benchmark CCI's Corporate Communication Practices and Trends Study outside the U.S. because of the global nature of corporate practice. And as mentioned that research is currently being conducted.

Background Research

Information gathering for this study included evaluation of the findings of The USC Annenberg Strategic Public Relations Center 2004 GAP III (www.ascweb.usc.edu) which surveyed 8500 practitioners from public companies, agencies, and independent practitioners. The National Investor Relations Institute (NIRI) Center for Strategic Communication Study, "The Strategic Communication Imperative," (2005) (www.niri.org) consisted of 50 one-on-one interviews with the CEO, CFO, the chief communication officer, and the investor relations officer at 11 selected companies. We also compared the results of the 2005 research with the CCI Studies from 2000, 2001, 2002, and 2003 (See www.corporatecomm.org/studies). Information gathered for this 2005 study compared with the previous studies can be found attached to this report in a section titled Survey Data CCI Study 2005. It consists of 56 Powerpoint graphs.

Methods of the Study

The CCI Corporate Communication Practices and Trends research study was carried out in three phases:

- 1) a 27-question survey (See Appendix A) that could be completed both on paper or online;
- 2) additional interviews with respondents who filled out the survey and checked the box for their willingness to be interviewed;
- 3) site visits with corporate communication executives for a deeper investigation into their philosophy, processes, operations, and performance measures.

1) Survey The survey asked specific information about the company: business sector, total sales in US dollars, number of corporate communication staff worldwide, reporting lines for corporate communication, and the dollar value for corporate communication activities related to the budget responsibilities indicated in the survey. Demographic questions about the chief communication officer were also asked: age, gender, education, salary, company title.

Respondents were also asked to indicate which of 26 functional areas for corporate communication were included in their responsibility, and which of the same 26 functional areas were part of their budget responsibility. They were also asked about their expected changes in budget and staff from the previous year. They were asked to indicate in which of the 26 functional areas they used agencies or vendors in a substantial way. From 12 possible descriptive phrases, they were asked to rank from 1 to 12 the one that best described the role of corporate communication in their company. There were also open ended questions on the impact of anti-Americanism and terrorism, and transparency on the practice of corporate communication in their corporation. A final question asked for additional information or comment.

The 2005 survey was distributed by mail and the cover letter indicated that it was available online with password access. It was mailed directly by name to the chief communication officer of Fortune 1000 companies in March 2005, with a follow-up postcard reminder in April 2005, a second postcard reminder in May 2005, and a mailing again in July 2005. Also in May 2005, an additional Email containing the cover letter with instructions to ask for a paper survey, or to access the online survey, was sent to corporate members of the Arthur W. Page Society, a membership organization made up of about 300 chief communication officers. The response rate was 9.3%. (Compared to the 3.7% rate from the GAPIII Study, we felt confident in the information we collected).

2) Interviews We also completed 16 interviews with those who indicated they would participate. The interviews consisted of eight open-ended topics. (See the list below on page 16). They were conducted by telephone and email.

3) Site Visits For 2005 we conducted two site visits from August to November 2005 with a corporation in the high tech electronics and communication sector, and the other in the automotive manufacturing sector. Site visits were selected on the basis of industry sectors that were undergoing change, or a particular company that was doing innovative programs in corporate communication, as well as (most importantly) a corporation that was willing to participate by allowing CCI to visit, observe, and interview the corporate communication professionals at the corporate site. For example, a corporate

communication executive from the transportation sector, specifically railroads, expressed a willingness to participate, but scheduling proved to be a major hurdle. A railroad might seem an anachronism in the 21st century, but the interview revealed some very innovative communication technologies and processes, thus a good candidate for the site visit.

Insights from the Study

In the discussion of the study we focus on the insights we have drawn from the background information, the survey, the interviews, and the site visits. What follows is a discussion of eleven insights with the trend each one indicates, as well as an opportunity for future practice.

Key Study Insight #1*

In their comments and in the interviews, corporate communication executives indicated a clear need to build trust with all audiences. This has been so since the 2002 study. In practice this means that the corporation's relationships with external and internal communities matter a great deal. Customers, vendors, and business partners need a firm relationship of trust in the wake of the attack on the World Trade Center, the accounting scandals that followed in the fall of 2001, and the erosion of confidence in the capital markets. "Formal trust," as I noted in the *Journal of Business Strategy* (Vol. 26 No.4, 2004), "includes the rule of law, transparency, and publicly evident rules. Informal trust is culturally defined by the values and norms that allow people to communicate and deal with others who share those values."

"Trust is the key objective for global companies today because it underpins corporate reputation and gives them license to operate," said Michael Deaver, Vice Chairman, Edelman in a note about the Edelman Annual Trust Barometer presented in January 2006 at Davos. "To build trust, companies need to localize communications, be transparent, and engage multiple stakeholders continuously as advocates across a broad array of communications channels."

The business case is a simple one -- the license to operate is either granted, or revoked, by the society you are in. This concept is clear for companies in the European Union and the United Kingdom which emphasize sustainability, or the triple bottom line – financial, environmental, and social performance measures. The trend has become a best practice among global corporations -- engage the public, customers, employees, and business partners on the social, financial, and environmental accomplishments and actions of the corporation. A new era of Transparency has created an opportunity for building trust through strategic corporate communication initiatives.

* Based on responses to Questions 23, 24, 25; Interviews; Site Visits

Key Study Insight #2*

Even though budgets for corporate communication increase slowly, as indicated by responses to Question 15, staff responsibilities increase more rapidly. So following a trend that our research has noted since 2000, and what one communication officer described as “always more to do,” professionals will continue to be asked to be more productive as companies continue to expect corporate communicators to accomplish more with fewer resources. The opportunity is there in this constant escalation of the volume of work for professional development and cross-fertilization of skills in order to make each member of a corporate communication staff more capable in all functional corporate communication areas. The challenge for communication officers is to develop measures for corporate communication value – as their corporations turn to various measures, several are developing corporate communication criteria to fit with the “balanced score-card” that their corporations use to judge performance.

** Based on responses to Questions 14, 15; Interviews; Site Visits*

Key Study Insight #3*

Respondents when asked open-ended Question #23 responded that Anti-Americanism and anti-globalism create a hostile environment for multinational corporations, making daily operations more challenging than ever. The trend toward building a responsible and accountable global corporate culture is vital to organizational health. Corporations that operate globally work hard to harmonize their corporate cultures with the local culture. Look to companies that have operated globally for decades, some for more than 100 years for best practices in creating an effective global corporate culture. The opportunity and challenge is for the corporation to address and embrace global issues for competitive advantage, and for multi-nationals engage in “Public Diplomacy” to create a stable and peaceful business environment.

** Based on responses to Question 23; Interviews; Site Visits*

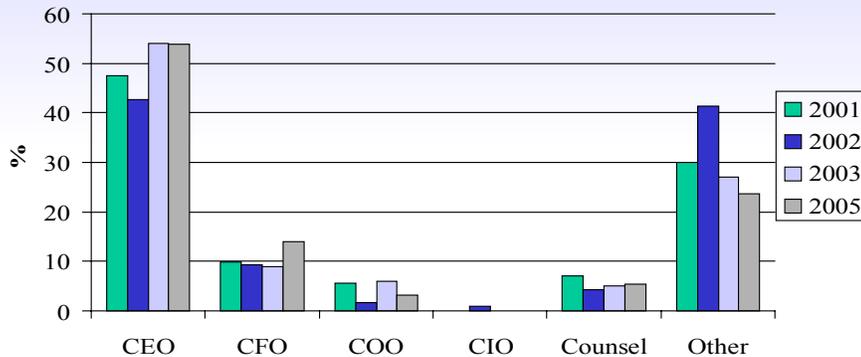
Key Study Insight #4*

Communication is now more strategic than ever; corporate communication executives see “counsel to the CEO” and “manager of the company’s reputation” almost equally as their primary role in the company. A large majority have a seat at the table, with approximately 75% of communication officers reporting to the CEO (53.8%), the CFO (14%), the COO (3.2%), or the Corporate Counsel (5.4%).

In this role, the trend toward strategic communication counsel for the corporation accompanies the role of “Chief Communication Officer” (2001, 2002, 2003, 2005).



Reporting Lines 2005 [Q#11]



Top Corp Comm Officer 2005: VP, SVP, EVP, Dir., Mgr
 And other titles: Chief Comm. Officer, VP Global Comm.



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However, a counter trend – a business model that is worth watching -- is emerging. The model involves a CEO who sees little value added in communicating with any constituency other than a handful of key investors. The role of the communication officer is then greatly diminished. As some corporations merge, or as corporate communication executives retire and the position is restructured or fragmented. Essential functional responsibilities such as crisis communication and media relations, or legally mandated financial reports, have been decentralized.

For the majority of corporate communication executives, with such responsibilities for corporate decision-making, come great opportunities and challenges to become a trusted advisor to the corporation and its leaders.

** Based on responses to Question 21; Interviews; Site Visits*

Key Study Insight #5*

Global issues -- anti-globalism, outsourcing, terrorism – place corporate communication executives as strategic counsel to the corporation. Often the success of an offshore initiative is directly attributed to intangibles such as corporate culture or corporate communication. The trend is for corporate communicators to understand the global impact of the local act, and the local impact of the global act. The opportunity and challenge is to move from preaching “global,” to embracing it with stories and messages.

In a forthcoming (June 2006) Special Issue on Public Diplomacy of the *Journal of Business Strategy* is this observation:

Contemporary business can be a powerful force for global change. A consensus is building that it is proper, and in some cases preferable, for business to marshal its resources to solve problems on a global stage. Business has a considerable role to play in Public Diplomacy, which was defined in 1965 by diplomat Edmund Guillion, and later Dean of the Fletcher School of Law and Diplomacy at Tufts University, as dealing with the influence of public attitudes on the forming and carrying out of foreign policy. And it is an activity in international relations beyond traditional political diplomacy that includes actions by governments to “cultivate” public opinion in other countries and to communicate with foreign correspondents. It is also the county to country interaction and intercultural communication of private groups such as businesses.

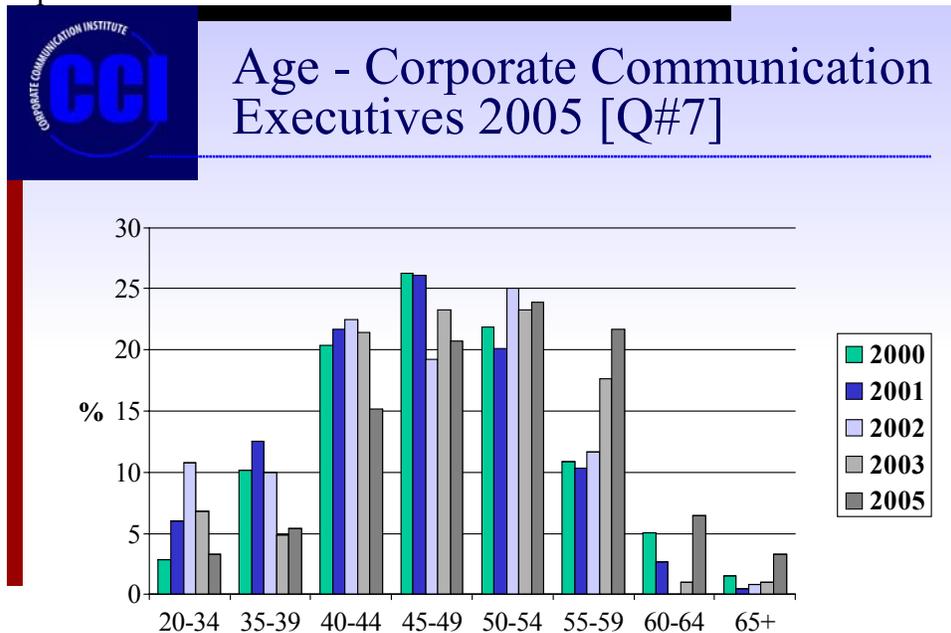
Substantial agreement now exists that global business can and must act to solve problems that have often been handled by government. In the decades following the end of the Cold War government systematically backed away from issues of economic development, as the “conflicts” at the core of the aftermath of World War II seemed to evaporate along with the fall of the Soviet Union. However, the economic and social issues that were masked during the ideological conflict of the Cold War surfaced, as did the suppressed desires for political and social ambition.

Goodman, Michael B. “The Role of Business in Public Diplomacy,” *Journal of Business Strategy*, (June 2006) [in press]

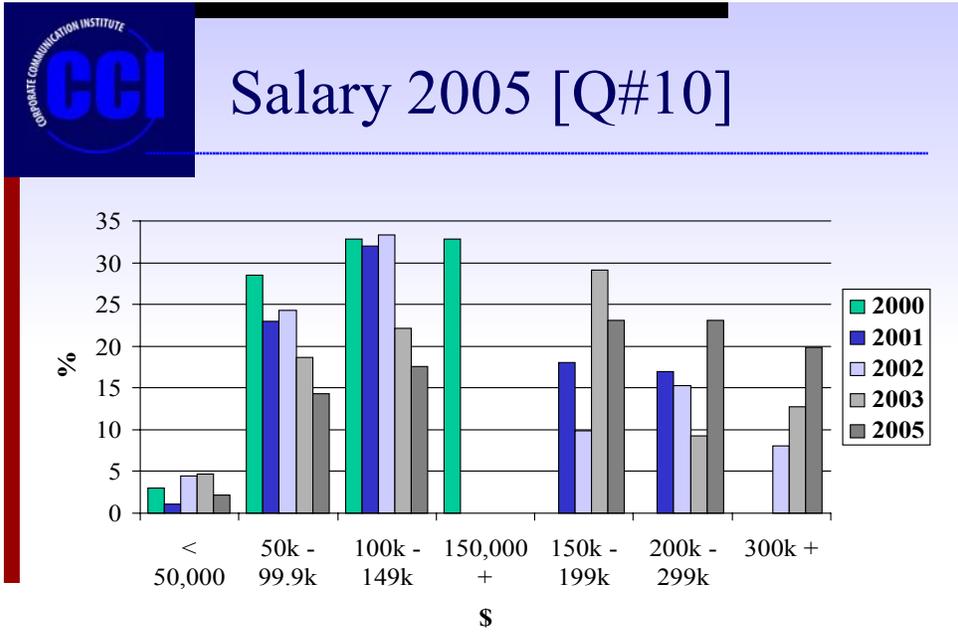
* Based on responses to Question 23; Interviews; Site Visits

Key Study Insight #6*

The executives responsible for corporate communication are more mature and experienced:



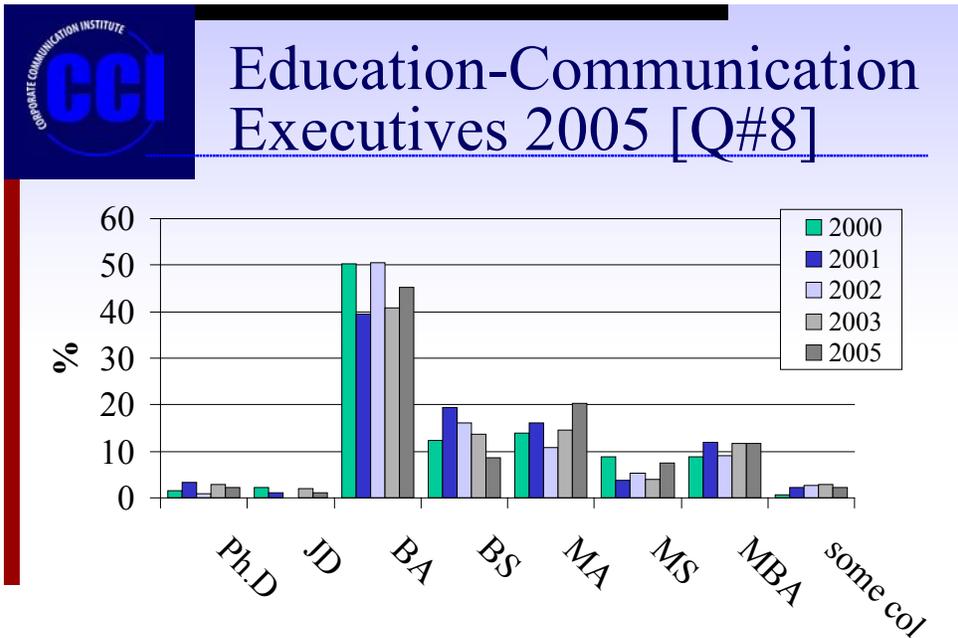
They are paid more, and at a level appropriate for “C-Suite” decision makers:



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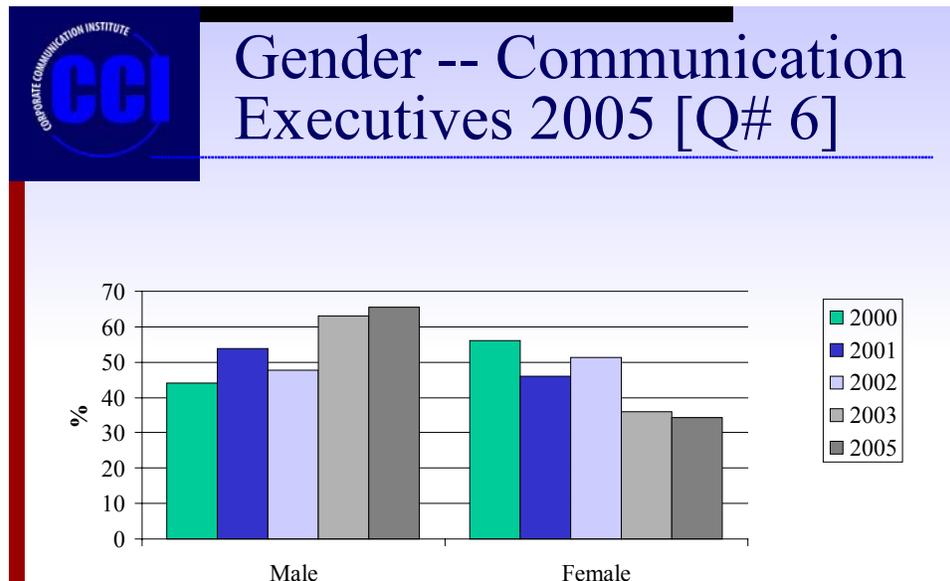
Corporate communication executives are better educated with more having an advanced degree in business or in communication:



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More corporate communication executives are male:



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In the management of an effective corporate communication operation, consider the age difference between managers and staff, approximately 20 years. The difference, a generation, or the difference between parent and child, highlights the trend that underscores success—to embrace diversity as a global asset. The opportunity is for corporate communication executives to mentor, and to learn from, the next generation.
* *Based on responses to Questions 6, 7, 8, 10; Interviews; Site Visits.*

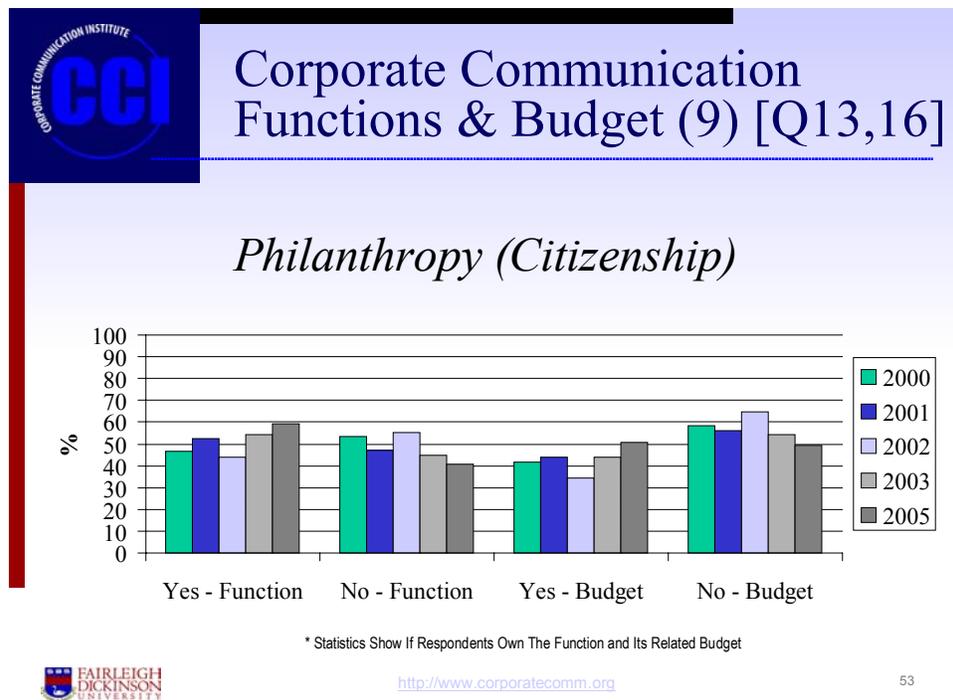
Key Study Insight #7*

News media and technologies are pervasive, instantaneous, and global. More news outlets demand more attention and new tools and techniques to meet the challenges of Blogs, Really Simple Syndication (RSS) and Consumer Generated Media. Transparency and disclosure laws and practices have made media relations more complex, and strategic. One executive says the answer is to “become a ‘glass-box’ company.” Since the trend is toward more, not less disclosure of information, expect more demand for transparency. The opportunity for success lies in how soon a corporation can embrace new communication tools and technologies. The challenge for professionals is how to manage the messages.

* *Based on responses to Questions 24, 25; Interviews; Site Visits*

Key Study Insight #8*

The company is expected to be a good citizen *and* make money



The community your company is in expects a strong and open dialog about what your corporation believes, and what it values. A strong relationship of trust closes the gap between perceptions of your company and its performance. The trend is that good corporate citizenship is expected. The opportunity for success is to build a strong reservoir of trust -- positive reputation equity with all audiences.

Business has rediscovered its purpose in this context as global citizen, expanding beyond Nobel Prize winning economist Milton Freidman's definition more than three decades ago that the purpose of business is to create wealth for its owners, within the rules. The understanding of the meaning of "owners" has expanded to include:

- NGOs who are also investors
- Investors who are also employees
- Employees who are also customers
- Consumers who are also local business partners
- Business partners who are also local stakeholders
- Local stakeholders who are also media
- Consumers who are also media
- Media who are also NGOs

All business, as legendary AT&T executive Arthur W. Page observed more than ¾ of a century ago, begins with public permission and exists by public approval. And that a

company's enlightened self-interest will also cause it to contribute to the social good within its own areas of competency at intersection of society's needs and its own interest.

The intangible risks of not acting as a good corporate citizen and public diplomat can be numerous, such as:

- Poor social and environmental performance
- An obsession with short term financial performance
- Lack of transparency in corporate reporting
- Lack of stakeholder engagement
- Limited risk management of critical issues

And the company's reputation can be put at risk by:

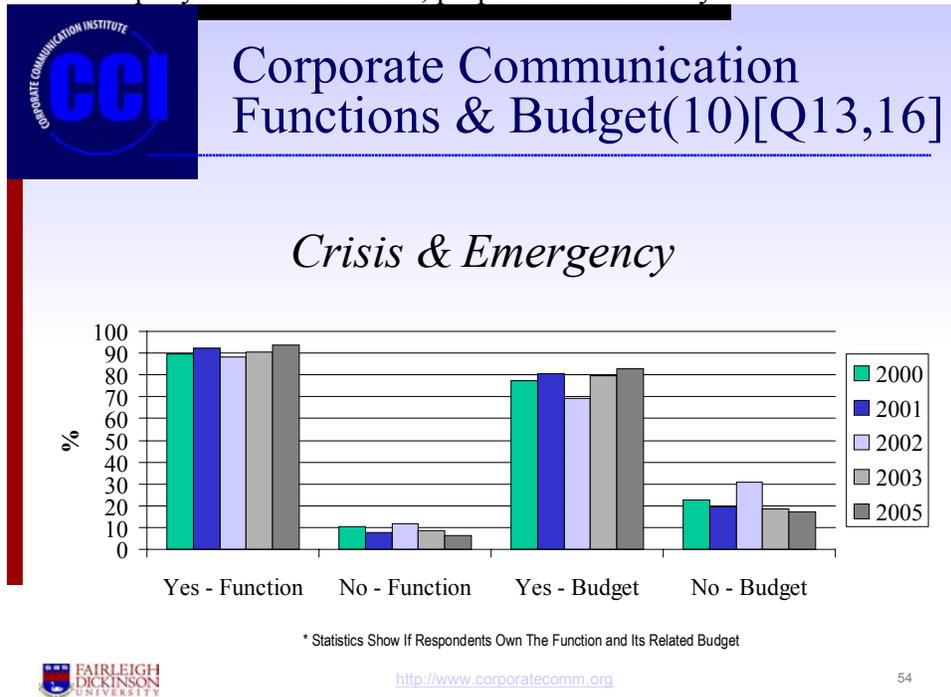
- Lawsuits (Domestic/Abroad)
- Negative media coverage
- NGO pressure
- Consumer boycotts
- Eroding public trust
- Negative analyst assessment
- Market punishment

Now the role of business as citizen reminds us that corporations must act as good citizens, or lose their license to operate.

* Based on responses to Questions 13, 16, 25; Interviews; Site Visits

Key Study Insight #9*

Your company will have a crisis; prepare for the ones you can't conceive of.



The trend toward increased global terrorism makes crisis communication planning a critical success factor for corporate communication professionals. The opportunity to add value to the company is through continual crisis planning, as well as professional development and cross-functional training through quarterly “crisis drills.”

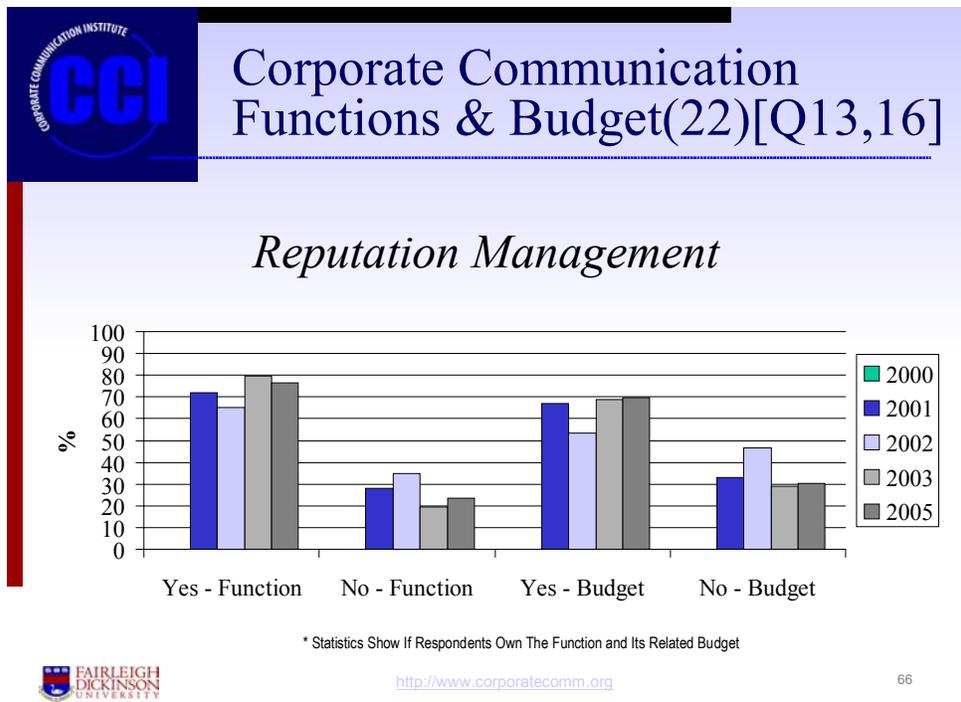
* Based on responses to Questions 23, 24, 25; Interviews; Site Visits

Key Study Insight #10*

Reputation is an intangible, and a valuable corporate asset. It is difficult to achieve a positive one, but even more difficult to protect. And as Baruch Lev and others have observed, more than 50% of the market value of a business can be attributed to intangibles. Indeed, institutional investors now make a substantial percentage of their decisions based on the intangibles they see in a corporation.

These intangibles drive corporate value: Corporate reputation; Governance; Innovation; Research and Development; Environmental and social performance; Brand equity; Human capital; Leadership and strategy; Product and service quality.

The trend is that transparency is becoming a best practice strategy for reputation management. The opportunity for corporate communicators is to add value through offering constructive suggestions on improving corporate reporting (Sarbanes-Oxley) and corporate governance.



* Based on responses to Questions 13, 16, 24, 25; Interviews; Site Visits

Key Study Insight #11*

As it has been since the first CCI study when we asked interviewees to identify the skills and capabilities needed for corporate communication, our respondents identify writing as the core skill for Corporate Communication. Also an essential skill is a thorough knowledge of the company and of business principles. The skill set necessary for success as a corporate communicator in a global business environment also includes:

- **Integrity & Honesty**
- **Global mindset; objective perspective**
- **Business orientation; Project management**
- **Critical & analytical thinking; problem-solving; synthesizing**
- **Communication & Media skills; Listening; Persuasion**
- “Grace under pressure” – Confidence, composure, compassion
- Resilience; Positive attitude
- Energy, discipline, passion
- **Leadership; Team player**
- Intelligent; Innovative; Creative
- Social-ability; Emotional Intelligence
- Mentoring & Coaching; Quick study
- Strategic thinking

A clear opportunity for corporate communicators to bring value to their companies lies in the text-based nature of new media technologies.

* Q 25; Interviews; Site Visits

Key Functional Responsibilities of Corporate Communication Officers

In our survey we asked [Question #13] what functions, of the 26 listed, were included under corporate communication officer’s responsibilities. Not surprisingly more than 90% of the people who responded to the survey included these areas:

- Media relations
- Public Relations
- Crisis Communication
- Executive Communication
- Employee Relations
- Communication Policy and Strategy.

The functional responsibilities listed in Table 1 offer a clear outline of the major strategic role played by corporate communication in developing and maintaining essential internal and external relationships with key audiences. Each function was listed by more than 50% of the respondents.

The development of positive internal relationships is critical for building a positive corporate reputation. Successful reputation management pays particular attention developing and maintaining a positive attitude among management staff and employees.

Functional Area	Percent responsible
•Media Relations* --	95.7%
•Public Relations* --	95.7%
•Crisis Communication* --	93%
•Executive Communications (Speeches)* –	92.5%
•Employee Relations (Internal Communication)*–	90.3%
•Communication Policy and Strategy* –	90.3%
•Internet Site –	87.1%
•Intranet Site –	82.8%
•Identity –	73.1%
•Issues Management –	71%
•Corporate Citizenship (Philanthropy) –	59.1%
•Advertising –	55.9%
•Corporate Culture –	48.4%
•Investor Relations –	25.8%
* <i>Almost ubiquitous</i>	

TABLE 1 Strategic Functional Areas Managed by Corporate Communication Professionals

The Perceived Role of the Corporate Communicator

Beginning with the 2001 survey we asked (Question #21) the corporate communication executives to rank descriptions (from 1 – 8 in 2001, and from 1 -12 in 2002, 2003, 2005) that best described the way they themselves thought of the role of corporate communication in their company:

- _____ Advocate or "engineer of public opinion," in support of the company's policies
- _____ Branding and brand perception steward
- _____ Corporate philanthropy (citizenship) champion
- _____ Counsel to the CEO and the Corporation
- _____ Driver of company publicity
- _____ Manager of the company's image
- _____ Manager of the company's reputation
- _____ Manager of employee relations (internal communication)
- _____ Manager of relationships between the company and ALL of its key constituencies
- _____ Manager of relationships between the company and its key NON-CUSTOMER constituencies
- _____ Source of public information about the company
- _____ Support for marketing & sales
- _____ Other: _____

Table 2 presents the descriptions our respondents ranked first.

2001 <i>Percent of Respondents who RANKED the following functions #1:</i>	2002 <i>Percent of Respondents who RANKED the following functions #1:</i>	2003 <i>Percent of Respondents who RANKED the following functions #1:</i>	2005 <i>Percent of Respondents who RANKED the following functions #1:</i>
<p> 20.0 % - Manager of company's reputation 15.1% - Source of public information about the company 14.1% - Manager of relationships (Co. & Key <u>non-customer</u> 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 </p>	<p> 21.6% - Counsel to the CEO & the Corporation (<i>new-2002</i>) 18.0% - Manager of company's reputation 15.3% - Manager of employee relations (internal comm.) (<i>new-2002</i>) 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 (<i>new-2002</i>) 4.5% - Support for marketing & sales 2.7% - Corporate philanthropy (citizenship) champion (<i>new-2002</i>) 0.9% - Other </p>	<p> 18.4% - Manager of company's reputation 17.5% - Counsel to the CEO & the Corporation (<i>new-2002</i>) 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 (<i>new-2002</i>) 3.9% - Manager of employee relations (internal comm.) (<i>new-2002</i>) 1.9% - Support for marketing & sales 1.9% - Other 1.0% - Corporate philanthropy (citizenship) champion (<i>new-2002</i>) </p>	<p> 19.4% - Counsel to the CEO & the Corporation (<i>new-2002</i>) [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.) (<i>new-2002</i>) 7.5% - Branding & brand perception steward (<i>new-2002</i>) 5.4% - Support for marketing & sales 4.3% - Corporate philanthropy (citizenship) champion (<i>new-2002</i>) 4.3% - Manager of relationships -- co. & ALL key constituencies 1.4% - Other 1.1% - Manager of relationships -- co. & NON-customer constituencies </p>
<p><i>Note: Four New Options For 2002</i></p>			

TABLE 2 Chief Communication Officer's Perception of the Role of Corporate Communication in Companies -- 2001, 2002, 2003, 2005 in Response to Question #21

"“Counsel to the CEO” was added to the choices in 2002. It and “manager of the company’s reputation” have ranked one or two in every study since 2002. In 2005 we placed “counsel to the CEO” at 19.4% above “manager of company’s reputation” and “source of public information about the company” both at 20.4%, because of the percentages each was ranked at number 2 – respectively: 17.2% “counsel to the CEO”; 10.8% “manager of the company’s reputation”; 9.7% “source of public information about the company.”

Also note that “advocate or ‘engineer of public opinion,’” a description we included to reflected the way Edward Bernays and Ivy Lee practiced Public Relations over 50 years ago, has moved from 7.2% in 2002 to 14.6% in 2003, and to 17.2% in 2005. It could be that contemporary corporate communication practitioners see themselves having greater influence on the way others see them, thus the ranking of reputation and “engineering” public opinion.

Interview Questions and Responses

At the end of the survey Question 26 asks if respondents are willing to take part in a follow-up interview to discuss the nature of corporate communication in their company. Eight open-ended topics are sent by e-mail with the option to have a telephone interview or send their comments by return e-mail:

- The top three critical issues in corporate communication
- Strategic importance of corporate communication in your organization to you; to your CEO
- Top three trends in corporate communication
- Trends unique to your 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

Many corporate communication executives are concerned with how to measure and demonstrate the effectiveness and value of the communication function to the corporation as a whole. There is, according to one executive, an “ongoing need to engage business leaders in communication strategy before events occur so that we can be proactive (contribute to the business strategy) and not just react to the story from a communication perspective.”

They are challenged by an increasingly global environment, and the need for “creating relevant global messages; delivered locally in context.”

They understand important issues presented by “the changing face of media relations – 24x7 factor of global media,” and the challenge of “staying on top of, understanding, and learning to leverage new and changing communication mediums (blogs, pods, chat rooms, instant messaging ...)” and of “real-time” news coverage.

Here are some of the verbatim responses from the interviews grouped by issues:

Impact of Terrorism: It was still as much a surprise in 2005 as it was in 2002 that we received more than 15 responses like this:

“Minimal impact, if any” and “Very little impact.”

Comments on the *Impact of Terrorism* such as these from corporate executives in the Financial Services sector were more informative:

“Substantial impact. Specifically because we were identified as a possible target and because we have numerous locations in foreign countries.”

“It has not prevented us from being successful, but as a large, very public and global brand, we can always be a target.”

As well as these comments on the *impact of terrorism*:

“... large issue in the hospitality industry ... our hotels are public and private spaces whose doors are open 24/7 and large groups congregate.”

“... producing a new crisis communications plan that includes elements of terrorism.”

“Increased security has created communications challenges.”

“As...owner of U.S. nuclear plants, we have seen plant security become a much larger issue for us, both externally and internally.”

Transparency was a major concern as illustrated by these comments:

“Transparency has been critical in driving our credibility and leading the charge on encouraging and enabling employees to blog has been a part of this transparency.”

“Minimal. Company has long been committed to open communication.”

“Not much ... We’re regulated and transparent already.”

“We have always been open, but even more so now.”

“Greater frequency and depth of press releases, particularly earnings statements. Greater use of Webcasting.

“Communications are less crisp and clear – and more legalese.”

“Extensive ... Sarbanes-Oxley has added significantly to our work load.”

“Created a much larger paperwork burden...On the other hand, ...significant advantages for our image and reputation.”

Several comments addressed the necessary *capabilities* for corporate communicators:

“Trying to keep pace with changing technologies.”

“Still struggle to come up with effective measurements that are truly valuable and easy to implement.”

“Remains a “critical” part of the corporation.”

“Spread thin, do the best with resources we’re given. Always more we can do to add value to the organization.”

Comments on corporate communication *Strategy* illustrated its importance:

“Becoming more policy-oriented.”

“Transparency has been a key driver of our communications strategies, both externally and internally. We have devoted considerable resources to improving and expanding upon our disclosures and to becoming a “glass-box” company.”

“The CEO, COO, CFO, and General Counsel are the main engineers of corporate communications and do the job directly themselves.”

Other comments highlighted the *Value* of the corporate communication function:

“Its role has become more essential than ever to the success of business overall. The importance of this function is a fairly recent change and is now fully ingrained in the daily practice of the most successful businesses.”

“While the function has made great strides at getting the proverbial seat at the table, we still need – particularly in Fortune 100 companies – to have an institutionalized seat at the table, like legal or finance.”

“CC has gained in importance for us. We have executed a remarkable turnaround and the interrelationship between improved business performance, increased external coms., & increased employee pride has been critical.”

“In our organization, the Global Communications Department is centralized and supports virtually every business and corporate function by providing communications counsel and execution.”

Observations from Site Visits

Site visits were conducted with a corporation in the high tech electronics and communication sector (several visits in August to November 2005), and one in the automotive manufacturing sector (one visit in September 2005). The two industry sectors are of interest because of their global nature, their economic impact, and their maturity as a sector. Each site visit allowed an opportunity to observe and to interview the team of corporate communication professionals. All interviews were open-ended and confidential. Interviews began with a statement that CCI was interested in a “conversation” with them about what they do, what their challenges were, and what they were proud of – and a clear assurance that their comments would be kept anonymous.

Each corporation was well aware of the daunting challenges of their respective industries. Each was concerned with developing performance measures -- one based on the “balanced scorecard”; and the other a corporate “Image Barometer” and a corporate equity measure. One corporation had a “Manager of Communication Intelligence,” that was created to parallel a similar manager of “Market Intelligence,” to collect and analyze existing data from inside and outside the company. The goal is to create a single tool to manage the corporate brand – product brands, reputation, internal communication.

Both companies had professional and effective crisis communication, media relations, and corporate citizenship policies and plans. Both chief communication officers had created teams of highly talented, motivated, and professional experts who were cross-trained. Each corporation had a global mind-set and had created an effective internal network to help one another and to share information.

The chief communication officer and the members of the team in both corporations were well versed in the company business from R&D to labor relations to the internet and intranet sites. And each had the corporate communication skills that are described on page 13 above. And members of the teams genuinely liked the work they were doing, the people they were working with, and the corporation they worked for.

The Value of Corporate Communication

The corporation is profoundly different than it was a hundred years ago-- a vehicle created to acquire and manage enough capital so that owners could build the hardware to run a plant and to maintain a manufacturing operation. Do people who want to make more money need a corporation with shareholders? There are many successful companies that don't make anything, even though they sell hardware products, because they've got vendors doing it for them. With all the capital markets today, owners don't need the kind of investment in facilities to get more money to expand.

A contemporary corporation is a way of harnessing and focusing human capital. It is capable people with smart ideas, who know how to innovate and run things. It's about people, and a network of people. Individual corporations are powerful because of their alliances.

When there is a question or concern, people expect responsiveness from the corporation, and speed and transparency in its communications. In a crisis it is the corporation that has to step up, not its products or brands.

The role of corporate communication is fundamental to the success of the corporation.

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ABOUT THE AUTHOR

Michael B. Goodman, Ph.D. is the founder and director of the Corporate Communication Institute, and Professor of Corporate Communication at Fairleigh Dickinson University, serving as director of Graduate Programs in Corporate Communication for sixteen years. He has taught business and corporate communication courses at Bangkok University (Thailand), Baruch College CUNY, New York University, New York Institute of Technology, Northeastern University, and SUNY at Stony Brook. Since 1981 Dr. Goodman has been a consultant in corporate communication, managerial communication, problem solving, new business proposals, change, and corporate culture. He has published widely, most recently: *Work with Anyone Anywhere: A Guide to Global Business*; "Today's Corporate Communication Function" in *Handbook of Corporate Communication and Strategic Public Relations*; *Corporate Communication for Executives*. He is at work on "*While You Were Looking the Other Way -- Forces Redefining Corporate Communication Strategy*" with Cleve Langton and Peter Hirsch.

He is a member of the Arthur W. Page Society, a Fellow of the RSA (The Royal Society for the encouragement of Arts, Manufactures & Commerce), and a Fellow of The Society for Technical Communication. He is VP Eastern Region and Member of the Board of Directors of the Association for Business Communication. He received his BA from the University of Texas at Austin, and his MA and Ph.D. from the State University of New York at Stony Brook.

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