CORPORATE COMMUNICATION PRACTICES AND TRENDS 2013: United States

Executive Summary of Final Report November 2013

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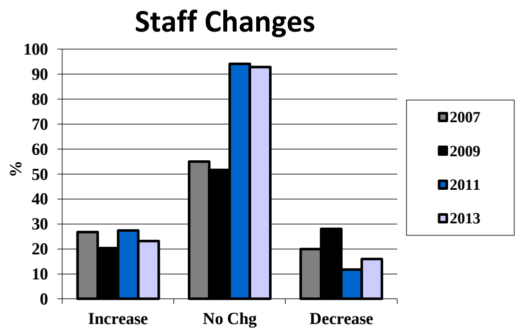
The "CCI -- Corporate Communication Practices and Trends 2013" confirms corporate communication as a strategic management function. Chief communication officers identified the strategic importance of corporate communication as **"**the ability to develop trust [with] … our customers, our shareholders, the communities where we live and work, and our employees…" as well as the creation, maintenance, and repair of the "… overall reputation of the firm," by "… incorporating corporate communication in the decision-making process." The results of the CCI 2013 Study have significant implications for professional practice worldwide, centered on these ten key findings:

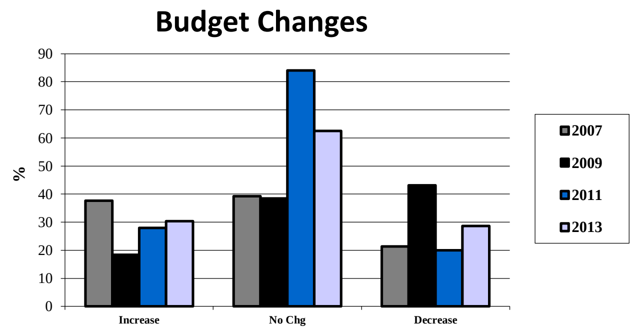
1 The transformation of the discipline accelerates with new emphasis on internal communication, specifically employee engagement, corporate culture, and the Intranet; as well as external communication with an emphasis on media and public relations and corporate citizenship. The ubiquity of these functions defines the discipline of corporate communication in 2013:

- Strategy and Policy
- Employee Engagement (Internal)
- Media and Public Relations
- Executive Communication
- Crisis Communication
- Intranet Communication
- Reputation Management

The opportunity for success lies in empowering both employees and customers.

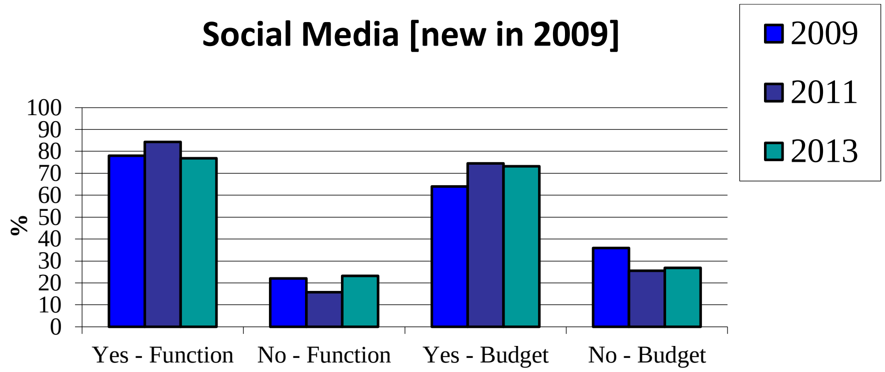
2 Pressure continues as a result of global economic uncertainty. More robust budgets (30%) reflect the increased need for corporate communication. Steady, but moderate staff (23.2%) increases reflect corporate caution in response to the global economic uncertainty. Communication executives remain optimistic, at the pre-recession level, that their budgets will not be "among the first to be cut" (87.5%), reflecting the value of the function. Nevertheless, limited resources continue to drive corporate communicators to identify priority communication actions, and to accomplish even more with reduced resources. The opportunity remains for executives to leverage the corporation's culture and its employee "ambassadors" through media technology to add strategic advantage and value.

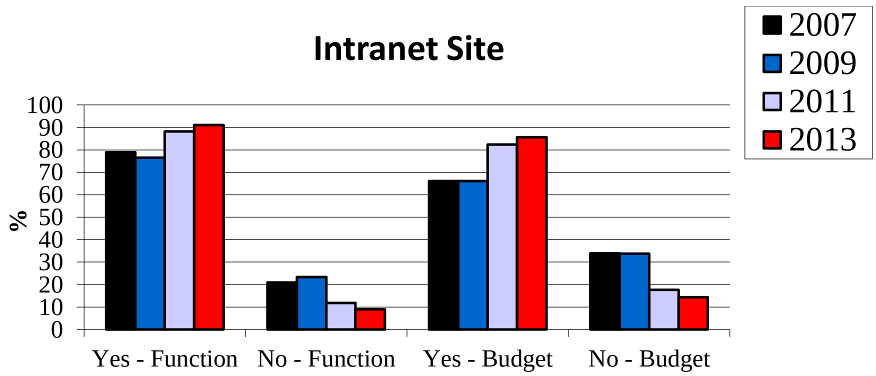




3 There is a renewed emphasis placed on building positive corporate culture and employee engagement (corporate character) in response to volatile global economic conditions, changing business and media models, "big data," and the networked enterprise. This internal focus acknowledges the essential role that employees play in the networked enterprise, and it continues to drive the need to boost employee morale. Uncertainty fuels the reluctance to hire full-time staff. Chief communication officers characterized the influence of uncertainty – political, financial, technological -- on the practice of corporate communication as "the economic realities [that] pervade our messaging," "made transparency far more top of mind" as executives "communicate more, but carefully." "It has made corporate communication a part of every important discussion and decision, and executives now run their teams "like a never-ending political campaign with polling, qualitative listening, messaging and rapid response…" The opportunity to position the enterprise for a slow global economic recovery, or protracted global economic weakness is a result of the "focus on business imperatives," corporate officers seek communication "…advice or counsel… more frequently."

4 Social media loses a bit of its luster despite dramatic increases in complexity and speed in corporate practice. Reversing a four-year upward trend, communication officers report decreased responsibility for the social media function (76.8%, ***down 7.5%*** *from 2011*) and its budget (relatively flat at 73.2% *down 1.3% from 2011*). They also report a decreased use of vendors for social media (24.1%, ***down 14.7%*** *from 38.8% in 2011*). However, Intranet responsibility at 91.1% is up 2.9% and Intranet budget up 3.3%. The shift to focus on internal audiences through social media underscores the demographic changes in media use among younger professionals who prefer social media over email.





5 Communication executives continue to see their primary role as "counsel to the CEO" & "manager of the company's reputation." Strategic communication counsel has been cited as the primary role for corporate communication officers since the first CCI Study more than a decade ago. Nevertheless, reputation management has cooled in importance and in budget allocation as employee engagement takes on a higher priority. Executives now consider their employees as corporate ambassadors to external audiences, and that shift in focus becomes an important element in reputation management.

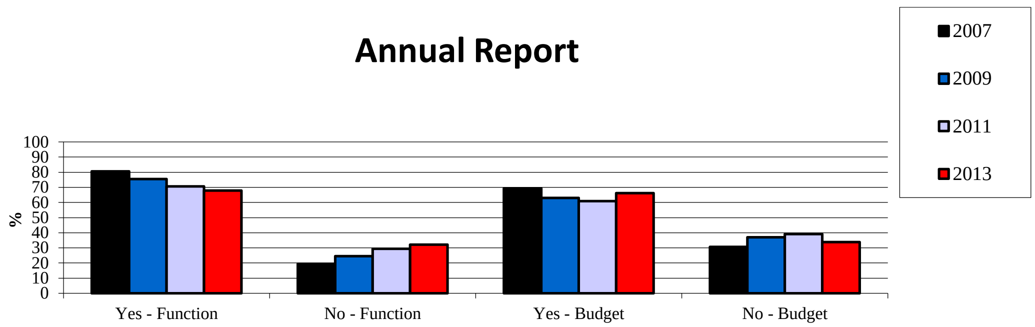
Respondents RANKED the following functions that best describe their role:*

1. ***Counsel to the CEO & the Corporation (3.94)***
2. ***Manager of company's reputation (4.27)***
3. Manager of employee relations (internal comm.) *(5.00)*
4. Manager of the company's image *(5.04)*
5. Source of public information about the company *(5.52)*
6. Advocate or "engineer of public opinion" *(5.64)*
7. Driver of company publicity *(6.34)*
8. Branding & brand perception steward *(6.59)*
9. Corporate citizenship champion *(6.96)*
10. Manager of relationships -- co. & ALL key constituencies *(7.09)*
11. Member of the company's strategic planning leadership team *(7.63)*
12. Manager of relationships – co. & NON-customer constituencies *(8.15)*
13. Support for marketing & sales *(9.32)*

** Response average – lower number equals higher ranking – 1 – 13*

They identified several actions necessary to manage the corporation's reputation successfully: "Consistency in communication and corporate strategy," "strong alignment with all stakeholder communications," and “authenticity.” One executive outlined such positive behavior as “awareness of perceptions and attitudes about your company, acceptance of those attitudes, and a willingness to take bold steps to change them.”

6 Although still relatively low, responsibility for the management of the Investor Relations function enjoys a limited comeback (17.9% or 2.2% higher than in 2011); and13.6% of communication officers report an increase in their IR budgets. Corporate communication continues to retain overwhelming responsibility for the Annual Report function (67.9%) and budget responsibility (66.1%). Communication with shareholders, the capital markets, & other stakeholders remains essential. The opportunity remains for executives to develop and communicate strategic understanding of the volatile business environment.



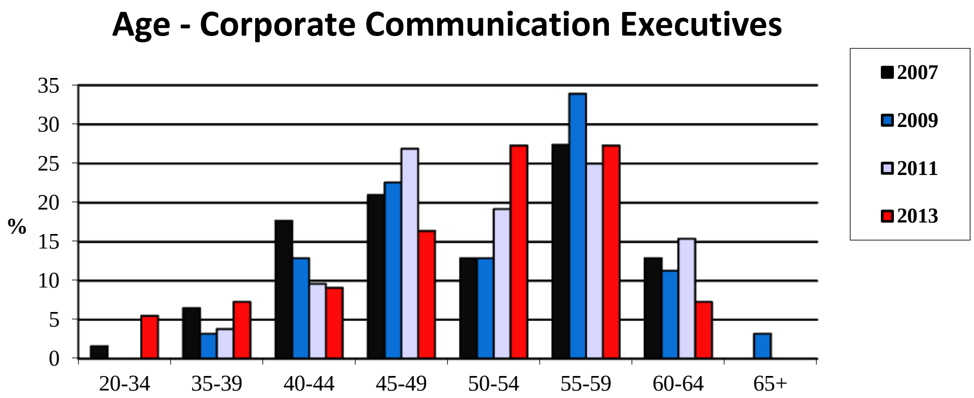
7 Political, financial, technological uncertainty drives sharp focus on business imperatives and has led to running corporate communication like a never-ending political campaign. The speed and complexity of information exchange and communication makes transparency and engagement more effective management strategies than command and control. The post-email environment offers an opportunity, as well as a strategy, to move beyond third party intermediaries and engage internal and external audiences directly.

8 Chief communication officers characterize the success factors for reputation management as: “Integrity, transparency, performance, board/leadership buy-in.” The forces of transparency, corporate culture, and social media reward corporations whose actions are aligned with the expressed social values of the enterprise. Leading practice empowers employees, executives, and customers to build a strong corporate culture.

9 Use of vendors increases for Issues Management is up 16.7%. By contrast their use decreases for Internet (down 13.8%), Intranet (down 12.8%), and Social Media (down 14.7%)**.** Communication executives use vendors primarily to help with critical functions such as Public Relations, Media Relations, Advertising, Annual Report, and Crisis and Emergency Communication. Chief communication officers have returned to the development of the capability and expertise internally, while retaining the ability to ramp up as necessary with vendors, “interns,” and “contingent workers.” Nevertheless, global agencies continue to offer expertise without long-term employment commitments.

10 Top Corporate Communication officers are younger (21.9% 20 – 44, but still middle-aged 52.8% 40 – 55. There are fewer baby boomers. They are paid comparatively well. Their salary remains high despite a sluggish economy (40.8% above $300K). They are better educated (50% hold a Masters degree). And, in a **reversal of a 6 year trend**, the number of female communication executive officers who responded increased16.1% from 2011. The trend continues toward an expanded skill set with greater emphasis on business acumen (1 out of 4 holds an

MBA). As the discipline continues to transform, there is a particular opportunity to leverage the leadership experience of managers and the competencies of new staff.



In interviews communication officers identified **their top critical issues** in corporate communication. They noted the "relevance and credibility" and "scope and breadth of corporate communication." Many cited the "blurring line between marketing and promotion and communication and engagement." In related observations they cited "New Media and noise" and "staff not intellectually curious, too focused on tactics." They are increasingly required to be "able to work in the global marketplace" and in "emerging markets," and to measure "performance and value" by "linking corporate communication efforts and outcomes to large organizational goals and objectives."

When asked about the impact of greater transparency and disclosure on the complex relationship between ethics and advocacy in the practice of corporate communication, one executive said, **"…**I believe it is not a hard line to see and steer clear of so ethics and advocacy go hand in hand…we also try to hire people that acting in an ethical fashion would be how they would normally be." And another noted that **"…**accessibility to leaders, accessibility on topics and debates, and accessibility to what we think defines us, our corporate culture and character…once people know us, like us, trust us, understand us, even if they disagree with us, they might be more likely to advocate on our behalf on specific issues or more broadly."

For 2013 the overall goal of the CCI – Corporate Communication International "Practices and Trends Study" was to outline and analyze the *state of the art* for corporate communication practice in publicly-traded, multinational companies. It was determined in the first CCI study in 2000 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 of the pressures of the capital market, 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.

The CCI Study 2013 continues the studies from 2000 to 2011. CCI - Corporate Communication International determined that the practices and trends study could be conducted every two years, and this cycle of research was implemented with the study in 2005. In years the practices and trends study was not conducted, the focus of CCI's research has been on particular issues that have an impact on the profession. In 2006 and 2008 CCI conducted benchmark studies of the Corporate Communication Practices and Trends in China. A CCI Study was also conducted in China in 2010 and reported in June 2011 at the CCI Annual Conference in New York City. In 2008 CCI, along with research partners in South Africa, conducted a benchmark study in South Africa. Information gathering for these Benchmark Studies was based on previous CCI research studies, as well as other studies of public relations and public affairs.

For the 2013 research we also compared the results with the CCI Studies from 2000 to 2011. The results of these studies are posted on the CCI website at http://www.corporatecomm.org/studies/.

This study was underwritten by CCI Corporate Sponsors and CCI Members…Thank you.

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