

The Authentic Enterprise

*Relationships, Values and the
Evolution of Corporate Communications*

New Goal to Advance Mission

Better understanding among CEOs, other C-suite executives and boards of the value of the Page Principles and the appropriate role of the chief corporate public relations officer.

The CEO's Challenge

CEO View of Communications

- **See the chief communications executive:**
 - More valuable than ever
 - Likely to increase in value going forward
- **Need to be business-savvy executives**
- **Critical part of the executive team**
- **However...**
 - Not all CEOs agree on C-suite status
 - Varying opinion on whether Communications needs to be at the table for non-communications decisions – M&A, new markets, new products

CEO View of Communications

“You want the head of your communications staff to be stronger... more experienced, higher quality thinking process, being able to see around the corners, broader experience base. All those things.”

CEO Challenges

- **Profound shift in public and government view of corporations**
 - Enhanced regulation (e.g., Sarbanes Oxley)
 - Diffusion of media
 - Corporate scandals
 - Changing employment patterns
- **Blurred lines between “inside” and “outside” communications**
- **Changing context for business and society**
 - Digital network revolution
 - Expanded and empowered range of stakeholders
 - Globalization

Drivers of Change

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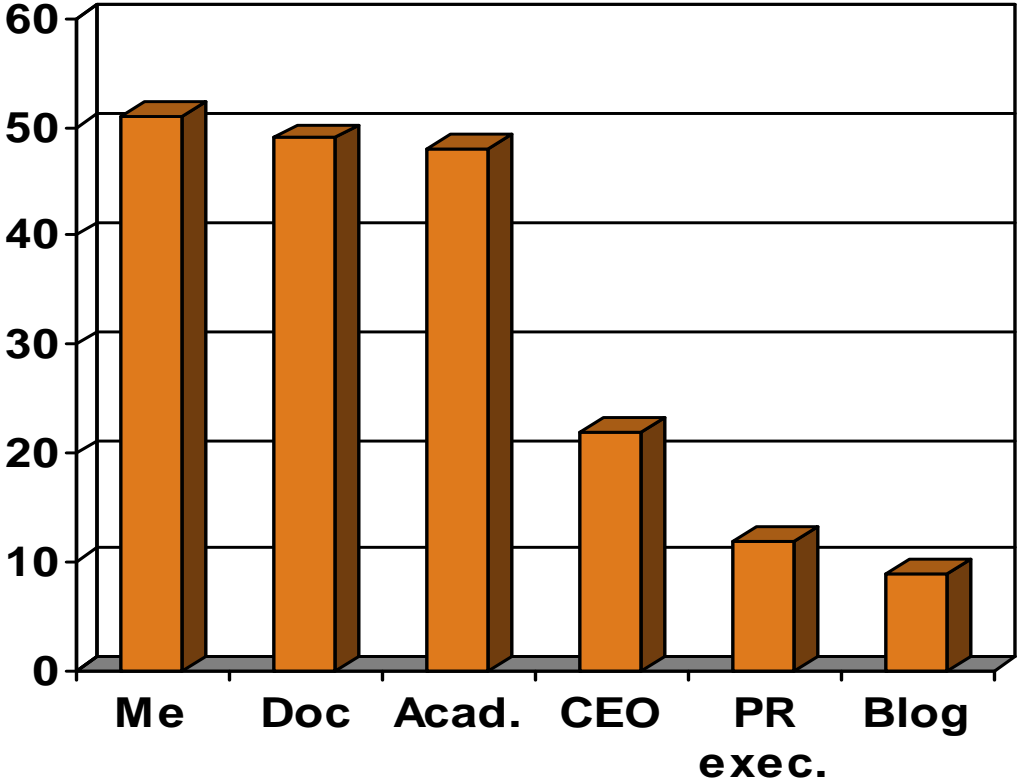


The Digital Network Revolution

- **YouTube** is currently serving 100 million videos per day, with more than 65,000 videos being uploaded daily.
- **Second Life** is currently inhabited by over 2.5 million people from more than 80 countries. They transact nearly \$500,000 in real money daily on everything from t-shirts to real estate.
- U.S. teenagers spend 60 percent less time watching **TV** than their parents, and 600 percent more time online.
- The number of U.S. online **video viewers** is expected to surge to 157 million in 2010, from 107.7 million in 2006, according to eMarketer.
- As of May 1, 2007, Technorati was tracking 75 million **blogs**, increasing at a rate of 175,000 new blogs created daily.
- More than 450 million **camera phones** were shipped in 2006. At current growth rates, there could be one billion camera phones in use worldwide by 2008. That's nearly one-sixth of the world's population.

U.S. Credible Spokespersons

Source: Edelman Trust Barometer



"Please tell me how you would rate the honesty and ethical standards of people in these different fields: very high, high, average, low, or very low?"

Very high/ High %

Nurses	84
Druggists, pharmacists	73
Veterinarians	71
Medical doctors	69
Dentists	62
Engineers	61
Clergy	58
College teachers	58
Policemen	54
Psychiatrists	38
Bankers	37
Chiropractors	36
Journalists	26
State governors	22
Business executives	18
Lawyers	18
Stockbrokers	17
Senators	15
Congressmen	14
Insurance salesmen	13
HMO managers	12
Advertising practitioners	11
Car salesmen	7

Gallup Poll. Dec. 8-10, 2006. N=1,009 adults nationwide. MoE ± 3.

Trust in Institutions to Operate in Society's Best Interest *

■ Armed forces	+43%
■ NGOs	+27%
■ Education system	+26%
■ Health system	+17%
■ Trade unions/labor	+2%
■ Legal system	-2%
■ Global companies	-9%
■ Large national companies	-10%

Accenture *The Business of Trust*, World Economic Forum Voice of the People Forum

* Net Rating = % trust - % distrust

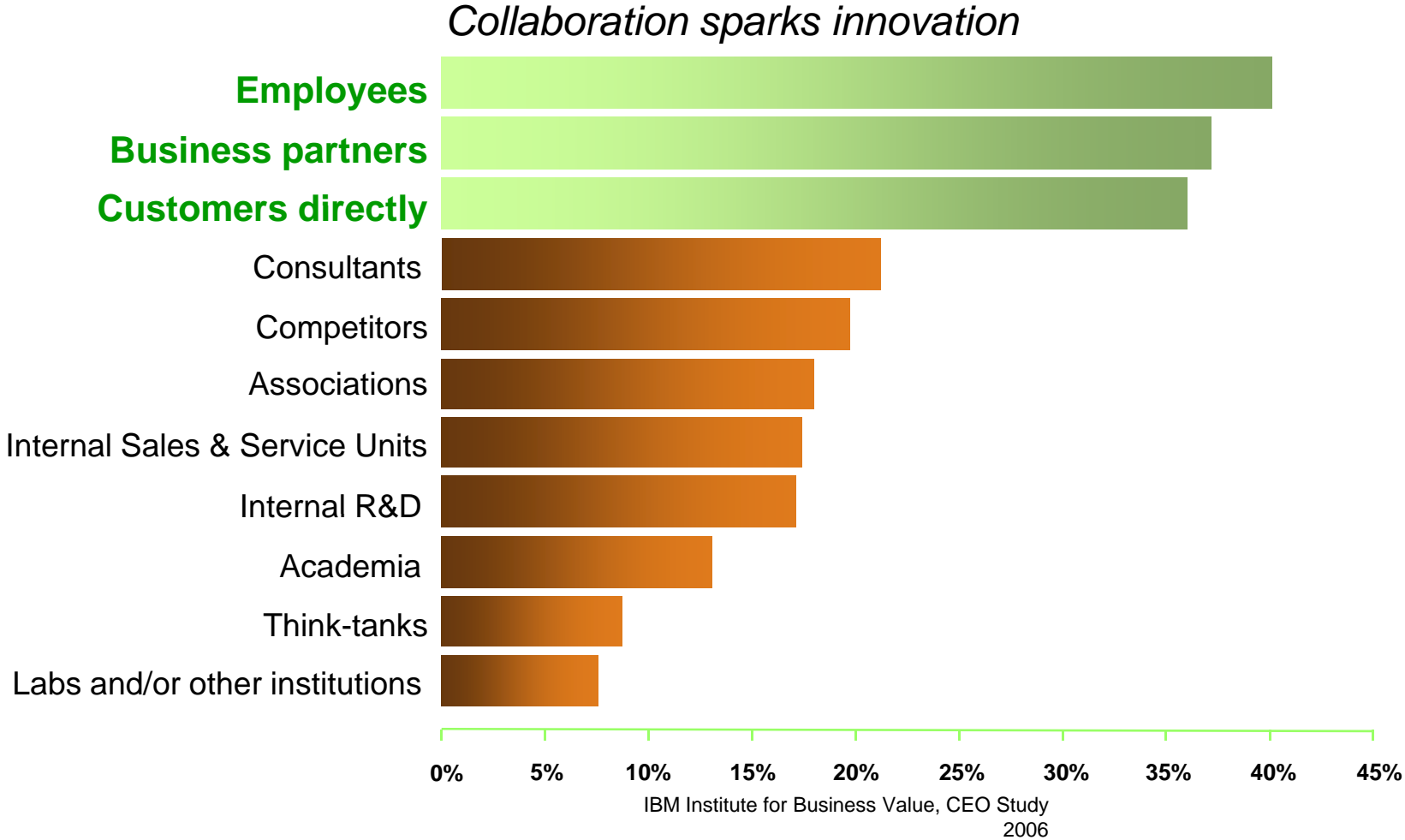
Influencers



Implications

- **New forces are overturning corporations' ability to manage perceptions.**
- **Opens up powerful new possibilities:**
 - to reach stakeholders
 - advance policy interests
 - build brand
 - enhance reputation

CEOs: Top Source of New Ideas and Innovation



CEO View of Communications



- Prioritize inquiries
- Manage press & events
- Spokespersons
- Monitor reputation
- Crisis management

- Develop ideas & campaigns
- Messaging
- Monitor reputation across stakeholders
- Educate employees

- Collaborate with key Stakeholders
- Define and enable company values
- Shape strategic direction
- Measure results

CEOs feel that communicating their company's values has become more complex at the exact time that it has become absolutely essential.

The Authentic Enterprise

The Authentic Enterprise

- **au-then-tic, adj.**

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

- American Heritage Dictionary

The Authentic Enterprise

- The enterprise must be grounded in a sure sense of what defines it (mission, values, principles, beliefs).
- And those definitions must dictate consistent behavior and actions.

In place of the voice of “authority”,
stakeholders demand proof of *authenticity*

The Authentic Enterprise

The Page Principles

- Tell the truth.
- Prove it with action.
- Listen to the customer.
- Manage for tomorrow.
- Realize a company's true character is expressed by its people.
- Conduct public relations as if the whole company depends on it.
- Remain calm, patient and good-humored.

The Authentic Enterprise

“All business in a democratic society begins with public permission and exists by public approval.”

- Arthur W. Page

A Call to Action

Implications for the profession

- **Not only develop channels of communication, but networks of relationships**
 - Enable the corporation with new media skills and tools
- **Not only position, but define the corporation**
 - Authenticity is the coin of the realm
 - Values are the foundation of authenticity
- **Not only change perceptions, but change realities**
 - Activate values systemically across all stakeholders

The New Chief Communications Officer

- **Must assert leadership in:**
 - Defining and instilling company values
 - Building and managing multi-stakeholder relationships
 - Enabling the enterprise with “new media” skills and tools
 - Building and managing trust

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
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

The Evolution of the Public Relations Profession (cont.)

	Yesterday: Public Relations (ca. 1945 - 1995)	Today: Corporate Communications (1995 - 2007)	Tomorrow (2008 - ?)
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 reputations 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

The Evolution of the Public Relations Profession (cont.)

	Yesterday: Public Relations (ca. 1945 - 1995)	Today: Corporate Communications (1995 - 2007)	Tomorrow (2008 - ?)
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 Evolution of the Chief Information Officer (CIO)

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Mission	Automation	Integration	Transform CIO mission form 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

The Evolution of the Chief Information Officer (CIO) (cont.)

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
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 Evolution of 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

The Evolution of 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

The Evolution of the Chief Financial Officer (CFO)

	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 formulation 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 management; disaster recovery	Change agents; value creation

The Evolution of the Chief Financial Officer (CFO) (cont.)

	Yesterday: (ca. 1945 - 1995)	Today: (1995 - 2007)	Tomorrow (2008 - ?)
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 Evolution of the Chief Marketing Officer (CMO)

	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

The Evolution of the Chief Marketing Officer (CMO) (cont.)

	Yesterday (ca. 1945 - 1995)	Today (1995 - 2007)	Tomorrow (2008 - ?)
Skills	Advertising background	Agency management, direct marketing, pipeline management, e-commerce	Sales, business development
Talent Pool	Agencies	Marketing department, external agencies	Business development, strategic consulting
Leadership	Reports to Sales or COO	Reports to CEO	Reports to CEO

Page Mission Task Force

Co-Chairs:

Valerie Di Maria, SVP and Group Marketing and Communications Director, Willis Group Holdings, Ltd.

Jon Iwata, SVP, Communications, IBM Corporation

Team Members:

Paul A. Argenti, Professor of Corporate Communication, Tuck School of Business at Dartmouth

Mark Bain, President, upper 90 consulting

Kristen M. Bihary, President, Vyll Corporation

Steve Cody, Managing Partner, Peppercom Strategic Communications

Peter D. Debreceeny, former VP, Corporate Relations, Allstate Insurance Company

David Demarest, Jr., VP, Public Affairs, Stanford University

Stephen K. Dishart, Managing Director, Corporate Communications, Americas, Swiss Re America Holding Corporation

Steven Harris, VP, Global Communications, General Motors Corporation

George Jamison, Consultant, Spencer Stuart

Richard S. Marshall, Senior Client Partner, Korn/Ferry International

Frank Ovaitt, President and CEO, Institute for Public Relations

Mike Paul, President & Senior Counselor, MGP & Associates Public Relations

David A. Samson, GM, Chevron Corporation

Johanna Schneider, Executive Director, External Relations, Business Roundtable

Kirk Stewart, EVP, Corporate Communications Practice, APCO Worldwide

Peter W. Thonis, Chief Communications Officer, Verizon

Ex-officio

Roger Bolton, Senior Counselor, APCO Worldwide

Tom Nicholson, Executive Director, Arthur W. Page Society

Paul Basista, former Executive Director, Arthur W. Page Society

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