



the **gandalf** group

THE CEO COMMUNICATIONS AUDIT

prepared for the
Luc Beauregard Centre of Excellence
in Communications Research

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JOHN  MOLSON
SCHOOL OF BUSINESS



Luc Beauregard Centre of
Excellence in Communications Research

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INTRODUCTION & METHODOLOGY

The Luc Beauregard Centre of Excellence in Communications Research was established within the John Molson School of Business at Concordia University to advance the strategic role of communications at the highest levels of organizational management.

In keeping with this mandate, the Centre commissioned the Gandalf Group, a research firm, to conduct interviews with Canadian corporate leaders and perform an audit of the CEO communication function and the role of they see communications playing in their organizations. The interviews explored four themes in respect of corporate communications:

1. The importance of communications to their business plans;
2. The role of the CEO;
3. Social media; and
4. CEO advocacy relating to public and social policy.

Findings from this research will be presented in June 2017 at the CEO Communication Summit, presented by the Luc Beauregard Centre at Concordia University in collaboration with the Professional Speechwriters Association; and at this year's International Economic Forum of the Americas in Montreal.

Methodology

The process that led to the findings in this report consisted of 33 confidential, one-on-one interviews held with CEOs (and some former CEOs) from Canada's business community.

- Most were with private sector companies, either publicly traded or privately owned;
- Seven were with non-profit organizations – e.g. pension plan, cooperative or industry association;
- Industry sectors varied greatly, including financial services, transportation, utilities, resources-based companies, retailers, manufacturers and luxury brands. These included both companies with business-to-consumer (B2C) focus and also those with more of a business-to-business (B2B) focus (e.g. consulting, engineering);
- Six represented public sector corporations;
- Most represented organizations with at least 1,000 employees; seven represented organizations with more than 10,000 employees;
- Approximately two thirds of interviewees were based in Quebec and Ontario; four were conducted with business leaders based in Western Canada and four with Atlantic Canadian CEOs. One interview participant was based in the US.

Interviews were conducted by senior researchers and associates with the Gandalf Group.

- The average interview length was approx. 45 minutes and conducted either in-person or by telephone.
- Interviews were conducted between February and May 2017, inclusive.
- These were qualitative one-on-one interviews. The findings cannot be used to estimate/project tendencies among CEOs in the wider business community because the sample size is neither probability-based nor significantly large.
- While a guide is included in the appendix of the document, these were qualitative, semi-structured interviews that allowed interviewees to introduce important issues or lines of inquiry into the discussion of the four key themes. This discursive approach provides a depth of insight unachievable through surveys.



EXECUTIVE SUMMARY

The Role of Communications in Business Plans & Objective Setting

Most CEOs interviewed saw corporate communications as a critical, strategic function within their businesses: i.e. key to implementing business plans, mitigating risk and promoting the corporate brand. While many have elevated the officer responsible for communications to the senior executive team in their companies, there are still a good many companies who have not invested in the communications function in that way.

CEOs tended to prioritize internal over external communications, even many whose companies invest heavily in B2C or marketing communications. Most said their chances of successfully implementing business initiatives would be greatly diminished had they not invested time and resources on internal communications. Others noted that internal communications was key to effective external communications and brand positioning.

The CEO Role & Communications

Most CEOs said the ability to communicate and help drive communications is among the most important requirements of the modern-day CEO's skillset. They see it as a leadership tool. Several said communications comprises or defines most of their day-to-day role.

While digital media is increasingly important, in-person meetings with employees were still the most frequently cited communication activity they engage in that they believe provides the most value. Many emphasized the importance of real dialogue in internal communications, rather than a top-down approach.

We heard a range of views on whether and when a CEO should be "high-profile". They believe a CEO can impact corporate brand but different circumstances will determine whether that is preferable. Some said change management will require a "high-profile" approach. Others believed it was their role to support the brand rather than reposition it. Some felt they could impact brand, values or culture through both words and deeds rather than through profile.

One of the biggest communications challenges CEOs confront is the difficulty of working with complex issues and expressing a clear, corporate vision or story around them. The challenge is in simplifying the issues and crafting a narrative that is understood by different audiences. Many want that vision to be compelling. They are also looking for ways to maximize their impact and reach, delivering a uniform message to multiple audiences. Some are turning to digital media to complement their efforts.

“Across the board for all organizations the CEO has and will always set the tone for communications.”

“They’re both critical, but internal deserves more attention – 60% to 40%. So, internal communications makes external communications easier. Every employee is a brand ambassador.”

Social Media

Social media risk is top of mind and some CEOs said it is why communications has an elevated importance in their companies' business planning and implementation. CEOs were divided on whether social media offers more risk than reward. A primary risk is internal, the potential of a current or former employee to hurt company reputation.

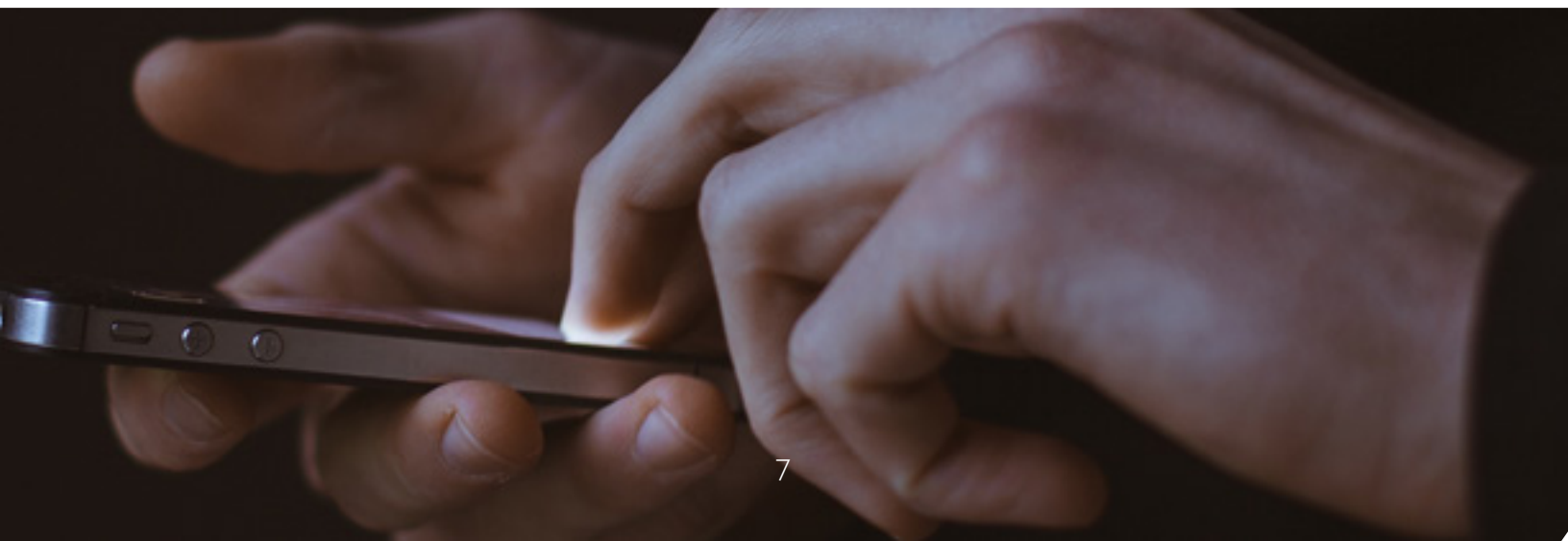
Many know their companies must embrace social media. Fewer were willing to take to social media tools themselves, personally, on behalf of their organizations. There is concern about the lack of message control in microblogging and potential damage that a quick response could bring about.

Public Policy and Social Advocacy

The degree to which companies are engaged in public policy advocacy is a factor of regulation in their sector. Most CEOs agreed there is a need to put a lens on public policy and social responsibility because citizens and stakeholders have more access in the digital age to information about corporate and regulatory issues and avenues to demand accountability. Most saw the job of ongoing public policy engagement as the purview of their industry associations. Most saw a limited role for CEOs in this respect

There was less consensus around whether companies should be engaged in advocacy on issues that are not tied to their business. Roughly half of those we spoke to were either opposed to this or said it should be done only in limited circumstances.

Others were open to advocacy in respect of issues not tied to their business. Many of them want this to be of benefit to corporate reputation or to reflect the core brand promise or founding vision. Given the emphasis on corporate brand and advocacy, it was understandable that most told us that a CEO would have to be in lockstep with their board before advancing an advocacy initiative. Corporate social responsibility and sustainability commitments were frequently mentioned in this respect. A few argued CEOs should be more vocal about social or policy issues, in a truly altruistic sense: i.e. on behalf of the business community within society, rather than as a gesture from their company.





DETAILED FINDINGS

The Importance of Corporate Communications to Business Objectives

Virtually all CEOs interviewed rated corporate communications – defined as including both internal and external communications - as “very important.” Most said they believe it to be a strategic function within their organizations rather than a function of tactical execution.

The kinds of external communications activities companies prioritized depended on the industry or situation of that company (e.g. marketing, crisis communications, stakeholder reputation, social license).

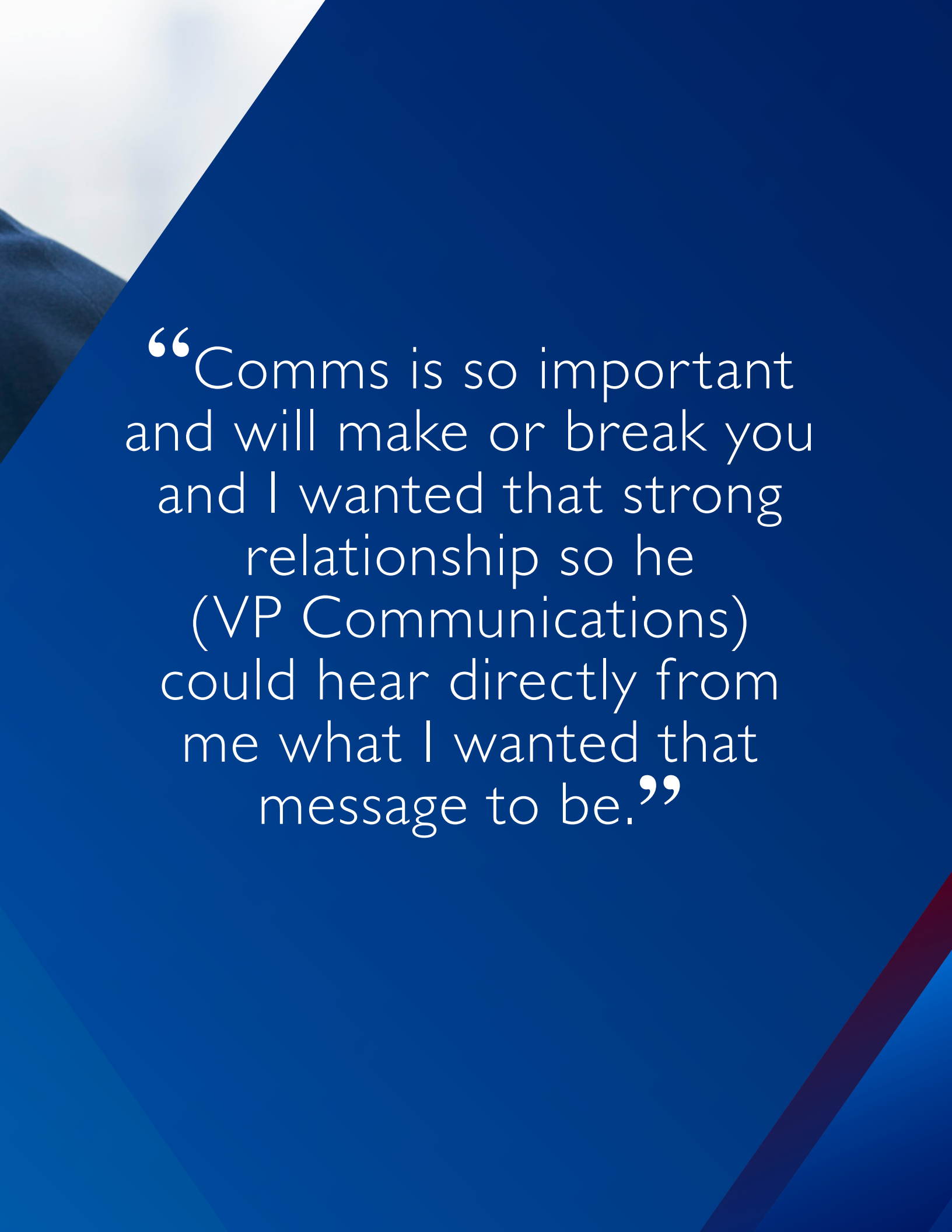
One of the important most objectives corporate communications serves for many CEOs and their companies is helping shape or sustain corporate brand and reputation.

Promoting the corporate brand was not just important for consumer-facing companies. B2B companies (e.g. engineering or consulting) or those looking to attract investors/partners were also concerned about differentiating themselves. Several CEOs mentioned that a globalized marketplace makes it important for brands to be better defined against competitors. A strong, positive and healthy corporate brand also helps to attract talent.

A secondary but related concern of CEOs is the need to protect the brand. While not a day-to-day concern, CEOs know that reputation management and the kind of risk mitigation that effective communications offers are essential to protecting the brand in a crisis. Various high-profile case studies in recent years were mentioned in this respect and pointed to the risks of not having adequate corporate communications systems in place to react and respond.

A seat at the table

The trend CEOs appear to be embracing was having a Chief Communications Officer or equivalent on their executive leadership teams. Most CEOs interviewed preferred this approach as well as having the officer responsible for communications in their company reporting directly to them. Some we spoke to had personally instituted this or were about to; none said that they had done the opposite or said this model had not worked well in their experience.



“Comms is so important and will make or break you and I wanted that strong relationship so he (VP Communications) could hear directly from me what I wanted that message to be.”

...for communications to be credible, follow-through is critical....As one CEO said: “Charisma is less important than inspiring trust.”.

There were still many companies who have not set up their reporting structures this way. Many companies still have a chief human resources officer or their CFO as the link between those responsible for communications and the leadership team. This was even the case for companies who said they considered communications a strategic function. In some cases, CEOs we spoke to said they wanted the ability to deal directly with their communications directors in specific instances even though their reporting structure does not establish a direct report.

There were various reasons why CEOs want to ensure corporate communications issues involves them and are fully understood by senior leadership team:

- First, they see communications as a leadership tool. We discuss below how most CEOs we spoke with take their communications responsibilities seriously and use communications to ensure their company is working effectively at all levels to implement objectives.
- Many CEOs feel it is critical to align actions with communications and vice versa. Communications and messaging must be reflected in an organization's actions. Companies must "walk the talk," as a couple CEOs put it and so it is important for

leadership with various responsibilities in an organization to consider activities and practices in light of the corporate brand or corporate messaging to other stakeholders. A failure to establish harmony between actions and communications at the highest management levels will undermine the brand.

- Some CEOs feel increasing pressure to manage and monitor communications in the implementation of initiatives. As illustration, we heard how social media has heightened scrutiny or feedback that will greet a product launch or internal initiatives, requiring all parties involved in the roll out to be monitoring, managing or reacting in real-time. As one business leader told us, social media and digital media have accelerated business decision-making.

"It needs to be a larger and larger part of strategy. Strategy cannot be developed absent an understanding of the communications environment."

"In my experience, it is often one of the most underdeveloped critical muscles in the organization."

"It's a strategic function and should be funded accordingly more than ever – you need to make sure it's done right."





The Importance of Internal Communications

Most business leaders we spoke with were reluctant to say that any specific aspect of corporate communications was less important. For instance, while some companies may invest less than others in external communications (e.g. marketing communications), they still understand the potential for external communications to become important, with crisis communications being an example. And companies with minimal B2C communications still have external audiences that are decisive, be they governments, talent they hope to recruit, or citizens.

However, business leaders tended to prioritize internal communications as the most important communications function. This would be understandable in that most all organizations have important internal audiences (e.g. workforce) but not necessarily a large external audience (e.g. if they are not a B2C company). Yet even those company leaders that invest substantially in consumer-facing marketing communications still tended to say internal communications was the most critical piece.

Many CEOs saw internal communications as foundational to successful external communications. The two work hand-in-glove. Many who spoke of the strategic importance of “corporate brand” discussed how internal communications was important to establishing


the “values” or “culture” that would help reinforce the brand and how it is perceived by external audiences. A few CEOs discussed the importance of employees as “brand ambassadors” and how internal communications was therefore critical. More practically, CEOs talked about how internal communications helps employees understand not only their responsibilities in project implementation but the “vision” that is guiding corporate initiatives.

“Employees need to know the destination.
Where are we going and why?”

“They’re both critical but internal deserves
more attention – 60% to 40%. So,
internal communications makes external
communications easier. Every employee is a
brand ambassador.”

“It’s a corporate mantra – we need
employees to stick to the vision”

Repeatedly, we heard from CEOs that the chances of successfully implementing strategic initiatives are greatly diminished if employees do not understand or know how to help support key objectives.



“My view is that my role is
to give meaning to the
work lives of employees.”

“Communications must come across as authentic and it’s not possible to do so if the Comms function is not directly connected to the CEO.”

The CEO Role & Communications

Most CEOs interviewed understand the important role they must play in respect of corporate communications. Most seemed to embrace the role. Several argued that communications represents most of what they do on a day-to-day basis: two in particular said communications was “90-percent” of what they do.

“Communications is mission critical for a CEO.”

Most said communications skills were among the most important skills a modern-day CEO needed to be effective. Most see a fair degree of risk for an organization whose CEO does not properly manage communications.

“One of the most essential skill sets.”

“The CEO is the person who ensures communication is spread through the organization – they are the mentor of communications.”

“Across the board for all organizations the CEO has and will always set the tone for communications.”

A clear risk is the inability to mobilize resources effectively in support of a strategic initiative. Companies whose leaders cannot communicate effectively risk a situation where employees do not understand the “game plan” or miscommunicate or misrepresent the offering in the marketplace.

A secondary risk is a CEO who cannot manage crisis communications. This concern is less likely and less related to the day-to-day challenges but still top of mind given high-profile examples CEOs are familiar with.





The CEO & the Brand

The relationship between the CEO and the brand is complex. The relative importance of the CEO in this respect varies based on the audience, an organization's circumstances and the perspective of the individual CEO.

To be sure, most CEOs understand they can impact the corporate brand, but not all believe it is their job to try to shape or alter the brand or be "high-profile."

- Some believe it is not their job to alter the corporate brand, although they know there is a risk they can impact the brand if strategic initiatives fail.
- Many business leaders discussed how the brand is much bigger than the CEO and should remain as such.
- Others felt they had little influence on how the brand might be perceived by certain audiences, e.g. consumers who deal with employees, front-line touch points.

"CEOs sometimes try to have their 'Hollywood moment' being the brand."

Some CEOs however saw it as their job in their specific companies to reposition the brand. Several said that this was the specific mandate they had received from their board. Examples of this were CEOs whose organizations had merged or had passed through a reputational crisis and needed to regain operating or social license. CEOs in those scenarios knew their communications responsibilities varied from other CEOs and understood it might imply a need to be "high-profile" to deliver a message of change.

Many other CEOs were reluctant to be seen as "high-profile." This did not mean they felt they could not influence the brand. Several mentioned that for communications to be credible, follow-through is critical: i.e. "meaningful actions" or "demonstrated commitment". As one CEO said: "Charisma is less important than inspiring trust."

One business leader we spoke with pointed out a potential risk from being too low-profile and that was the potential to be ineffective at establishing credibility in crisis. Indeed, most all we spoke with agreed that profile and presence is important within an organization, to inspire confidence in the leadership and direction of the company.

“A mistake of the CEO is misunderstanding the role of the CEO and becoming the whole brand themselves. This is a problem if the CEO leaves the organization.”



“Social media is the
greatest opportunity and
the greatest equalizer.”

Challenges

The biggest challenge CEOs said they face is the need to communicate their vision effectively and clearly.

“The critical skill set is being able to simplify the message and just repeat it more often and in more ways so that everyone gets it.”

“The difficulty is the capacity to simplify a complex vision and plan.”

“You want someone to communicate vision, it’s exceptionally important.”

Many talked about the important “vision” a CEO must present to key audiences, so they understand the journey the organization is on and can buy in to the direction and support it. Some told us this brings about a need to be “compelling,” to demonstrate “passion” and be “inspiring”.

Yet the need to offer a compelling narrative is made difficult by several factors.

1. First is the need to be comfortable and authentic.

- Several talked about getting to the point where speaking comes naturally or with an ease of delivery, something they gained with experience. One CEO told us that his learning curve involved “learning how to become a good storyteller”.
- Others talked about how a leader must not just believe in the message, but also be or appear “comfortable” explaining that message. Authenticity is important in this respect too.

2. Second, is the need to simplify complex issues.

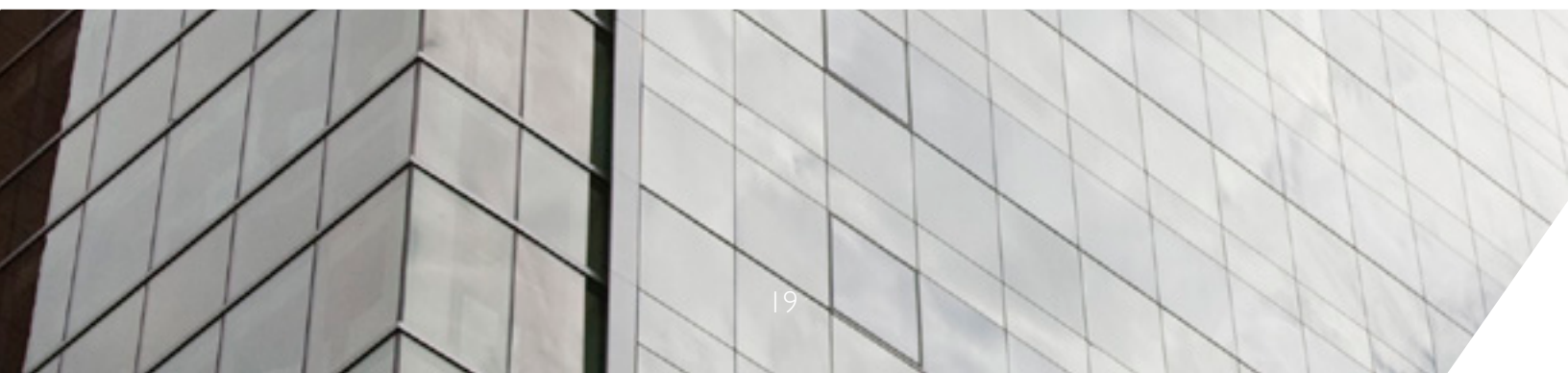
- Some told us that the issues relating to their business involve a level of complexity or familiarity that external or even front line internal audiences may not understand or have. The challenge that many senior business leaders with a high level of subject matter expertise then face is the need translate their knowledge into wider understanding.

3. Third, there is a need for repetition and a uniform message to be delivered to multiple audiences.

- Many CEOs believe it is critical for them to ensure the right messages about an organization are delivered as widely as possible. This sometimes means they must engage in multiple sessions and deliver a consistent strategic message.
- Large employers face the challenge of ensuring the message is delivered to multiple teams in multiple locations.
- It is a question not just of frequency and repetition but travel and long days, depending on the company’s footprint. One CEO said it requires “stamina”. Related is the need to remain consistently compelling and engaging.

4. Finally, there is the need to know your audience.

- CEOs must deliver the core message in a way that is meaningful to and respectful of different audiences. Some mentioned that there is an increasing need to engage in dialogue with their workforce and understanding that expectation is part of an evolution in internal communications.





In-person Dialogue

Echoing what we heard about the importance of internal communications, CEOs interviewed tended to focus their discussion of corporate communications towards internal communications activities. Most notably, in-person meetings between the CEO and employees were cited most frequently as being the kind of communications activity they believe delivers real value.

What is clear from many of these interviews is the fact that many CEOs believe this communications activity is best understood as a dialogue. Some mentioned the Millennial generation has driven the need for more dialogue and consultation. They said this Millennial audience was one that will expect a very different approach to internal communications than others in their organization.


Others spoke to the accountability that is expected of them as CEO, something that can be facilitated in question and answer sessions where they can acknowledge and speak to employee concerns. In sum, as one CEO said: “it has to be a two-way street.”

Social Media

Social media was top-of-mind for most CEOs we interviewed, including those who said their companies had yet to embrace a fuller social media strategy. Many whose companies had engaged more fully tended to do so because they had more B2C/marketing communications requirements.

The reason why social media was top of mind for most was because of the risks it presents. Several CEOs said managing social media issues was a matter they discussed with their boards. Top of mind was the potential for reputational risk from within: the potential for a current or disgruntled employee to harm the company's reputation, deliberately or inadvertently.

Overall attitudes about the potential of social media varied substantially in these interviews. Enthusiasm was mixed. Some said they saw more risk than opportunity. Others felt social media offered risk and opportunity equally. While about a third of CEOs said they saw mostly opportunity or “upside” for their companies.

A photograph of a person's head and shoulder, seen from the side, positioned in the top-left corner of the slide. The person has short, dark hair and is wearing a light-colored shirt. The background of the slide is a solid blue color with a diagonal white line separating the photo from the text area.

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Others felt social media offered risk and opportunity equally.

“I’m on social media
because no one wants to
be ‘the old dog that can’t
learn new tricks.’”



“Social media is the greatest opportunity and the greatest equalizer.”

“We think there’s more upside than risk. Regardless, we know that you have to engage in it as an organization. You cannot ignore it.”

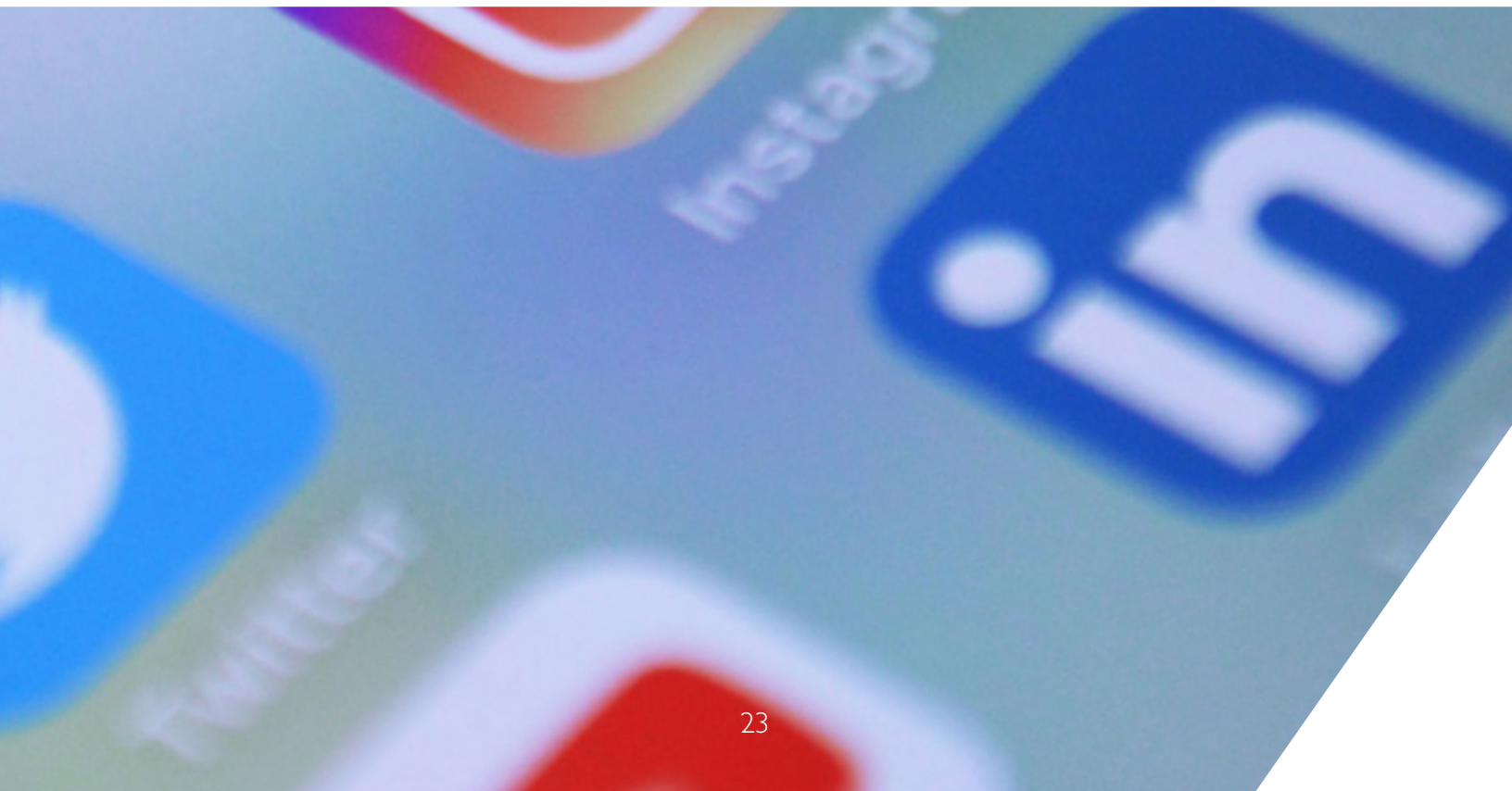
“In the past year, it’s been an upside, but I’m always afraid something can happen.”

Partly as a result, many have not loosened control of social media tools within their company. Some have done more to embrace social media’s use internally and accepted the risks with the upside (i.e. they have delegated authority to directors, managers). Others still have more message control in place or use social media in line with traditional communications practices. Some acknowledged they should or would soon do more to embrace the medium and planned to adopt a social media strategy.

One area that interests CEOs is the potential for digital media to drive internal communications. Several have taken advantage of internal,

proprietary social or digital media channels to this end. A couple CEOs said their companies use the social network “Yammer” in this way. Others see value in YouTube and videos as a way to facilitate the ability of the leadership team to provide short, up-to-date messages to personnel, and in a way that might be more credible or compelling or responsive to concerns than might be possible with a memo or email. For these leaders, social media has helped “flatten” some organizations, allowing leadership to reach more layers, more quickly, across various locations.

Some CEOs linked the potential of social media to strategic objectives, particularly when it comes to corporate brand, culture or values. In addition to using internal communications for the sake of internal issues management, explaining corporate direction or initiatives, a couple CEOs spoke about how social media had the ability to project their brand in a way that helps attract talent to their organizations.





CEOs on Social Media

Despite the opportunities, many CEOs were unwilling to embrace social media themselves on behalf of their companies. Most we spoke with were not actively engaged online with public social media on behalf of their organizations, including those whose organizations were relatively advanced in their use of social media. Some of these CEOs were considering or intending to do more. Others felt it was not a priority for them with key audiences, e.g. consumers who rely on different service touchpoints. A clear concern was the potential for unintended consequences or the need for a CEO to engage carefully and responsibly.

"It's not what you get from social media, it's what you lose by not being a part of it."

"It's a no-brainer, it's two thumbs up. If you don't use social media you are not in the conversation"

"I'm on social media because no one wants to be 'the old dog that can't learn new tricks'."

[On being personally active on social media] "No – the more important element is the brand not me."

Several expressed doubts that the micro-blogging format could effectively convey the kind of complex or careful, strategic messaging the way other media or in-person engagement could. There is potential to set the wrong tone or engage in a dialogue that goes "off message" inadvertently. As one business leader said to us: "CEOs are better when they reflect than when they react." The lack of a "centre", or the organic nature of the medium, adds to this concern. It runs counter to traditional business communications practice and the comfort level with command-and-control communications.

Public Policy & Social Advocacy

The extent to which companies engage in public policy advocacy and social advocacy varies substantially by company. Some face a growing regulatory burden while others do not. As a result, public policy concerns were only somewhat important for many of the CEOs we spoke with. CEOs have different philosophies about advocacy, however, including whether or not companies should advocate on behalf of issues that are not directly related to its business or business objectives.

“We are losing social cohesion in part because business people are absent from the debate. They need to be out and show how they are creating growth for all.”

“Internal communications is no longer seen along the lines of the traditional model of communications that has been the purview of human resources departments (i.e. with an emphasis on hierarchy, deployment, scheduling or compensation).

CEOs believe internal communications is tightly linked with core business objectives.”

Public Policy & Government Relations

Most CEOs interviewed said the public policy environment makes it difficult for companies to ignore public policy issues. Most believe there has been an increase or evolution in the scrutiny businesses are under and accountability and expectations they face from stakeholders. There is an appreciation of how citizens and public interest groups have access to more information about company activities and more avenues by which they can hold businesses accountable and urge governments to do so. Much of this change has been brought about by digital media.

That reality and the need to engage in or respond to pressure from regulators will vary by company. Some business leaders said they faced increased regulation in their industries, such as in the financial services sector. And they and others like them are actively following public policy dialogue and working to implement or react to new rules or compliance measures.

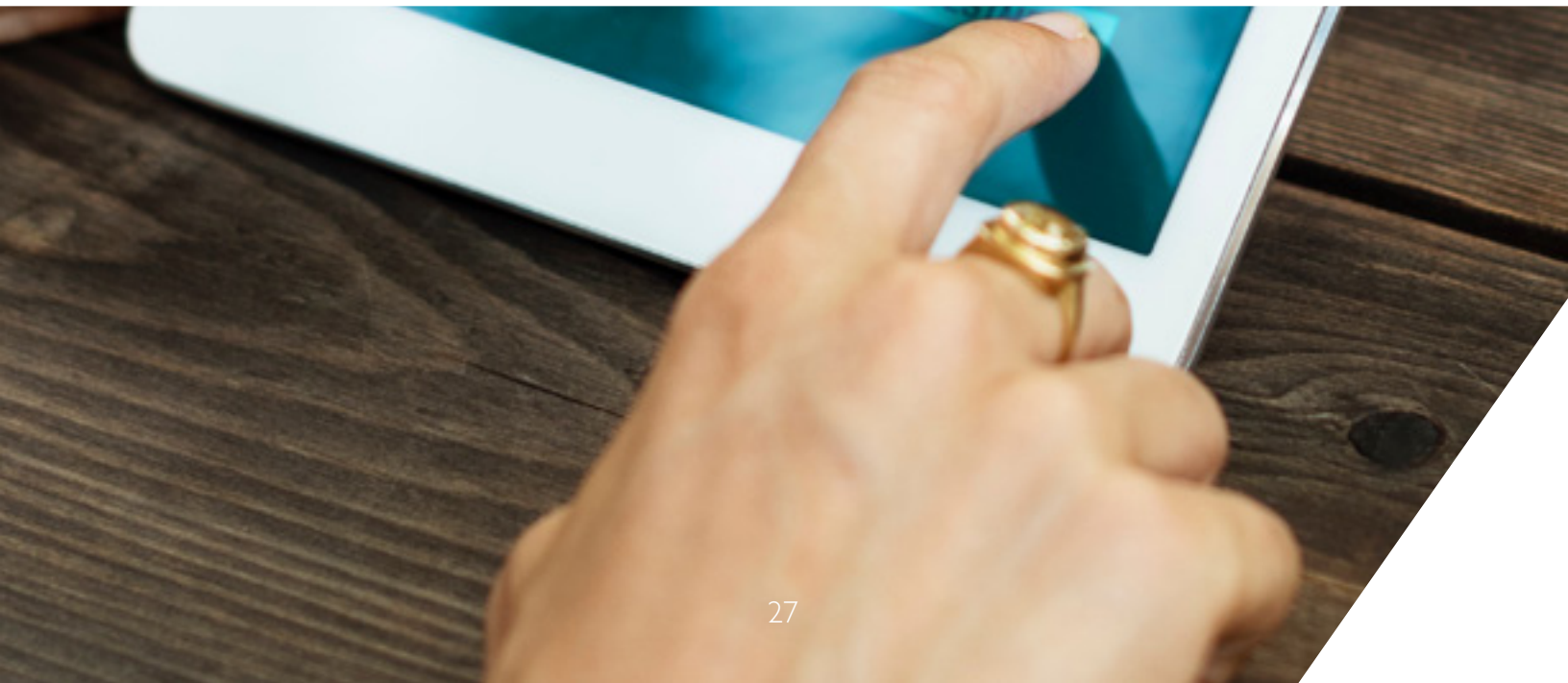
“We know the sector that governments regulate so our expertise has to be part of the debate.”

Other sectors see far less government regulation in their sector and have little need to respond to or engage with government.

When it comes to ongoing public policy dialogue, associations are the preferred route for engagement. CEOs told us trade or industry associations help industry speak with one voice, which they believe makes for a more credible case with government. Associations were thought to have developed more established points of contact with government decision-makers.

“Sometimes a trade association can have better contacts or lobbying connections. When that’s the case, go that route, but it has a lot more impact when it comes from the CEO.”

Many CEOs we spoke to see a limited albeit important role for them to engage in dialogue at the highest levels of government when circumstances require it. Normally, they expect public affairs directors or vice presidents to manage issues at the officials’ level. However, many mentioned they would be expected to liaise when a matter arrives at the desk of government decision-makers: i.e. meeting with Ministers or First Ministers/Premiers.





Social Advocacy

Companies diverge in respect of social or public policy advocacy when it relates to issues that are not tied to their business interests.

At one end of the spectrum are companies and business leaders that have ruled out active engagement on social and public policy issues that are not tied to business objectives. For these business leaders, advocating on behalf of issues that are not related to company interests is a distraction from core business objectives.

“I avoid talking about policy in an aggressive way.”


Others were wary of such advocacy, and said such activity should have strict limits or criteria to govern how a company engages. For instance, some said they want to avoid the appearance of crossing over into partisan politics. Others believe companies should set criteria to determine the limited issues on which they should consider engaging. Otherwise, it would be easy for a company to be expected to speak out on a range of issues. As one business leader said to us, it's important to “pick your battles,”

and understand that engaging on issues that are controversial or high-profile may exact a lot of a business leader's time. Several suggested the issues a company engages in should be guided by areas where a company has expertise. It should speak to its strengths or the sector for which it is responsible and not stray into territory where it may lack credibility. One example cited is the potential for financial professionals to make a meaningful contribution to the cause of financial literacy and consumer protection.

Many CEOs however – roughly half of those interviewed – were open to having their companies advocate on behalf of issues that were not tied to their business interests. The degree to which their companies were doing so varied, but many felt on principle that they and other companies should be open to doing this. Their reasons for doing so varied.

Some we spoke to pointed to their Corporate Social Responsibility commitments and initiatives as forms of advocacy, most notably when it came to environmental issues and sustainability.

Some pointed to advocacy as a way to enhance reputation. A couple CEOs related social advocacy back to public policy, suggesting that CSR or social advocacy that helps corporate reputation can help mitigate negative public policy outcomes or decisions.



“The critical skill set is being able to simplify the message and just repeat it more often and in more ways so that everyone gets it.”

“It needs to be a larger and larger part of strategy. Strategy cannot be developed absent an understanding of the communications environment.”

Other CEOs said their workforce expected CSR commitments from the company and its corporate brand. Vice versa, some saw CSR commitments or advocacy as a reflection of or way to communicate their brand values.

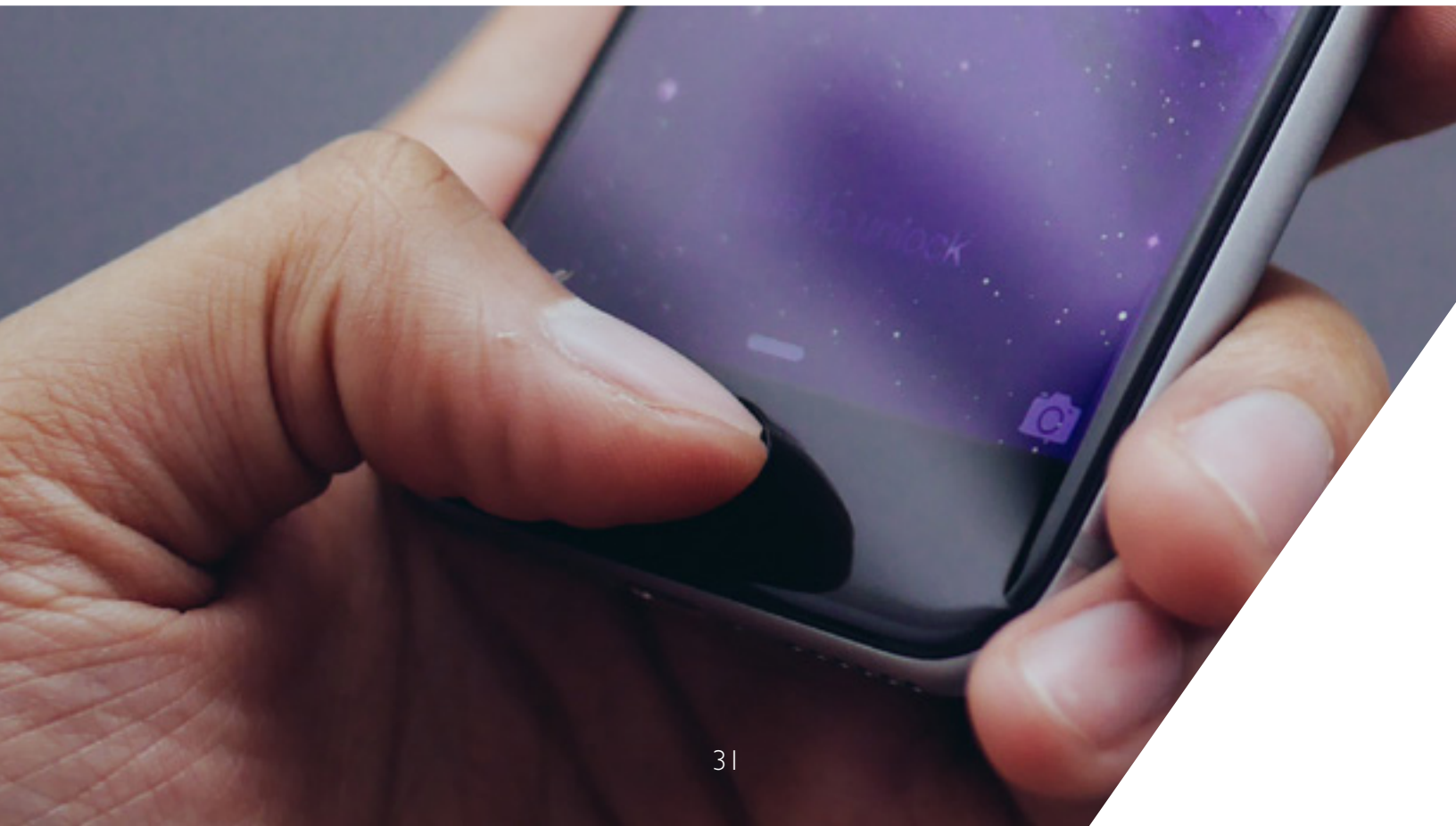
Other CEOs were more altruistic, saying that social and public policy advocacy was a responsibility of companies to the societies they belong to and depend on for business, talent, capital and resources. In this respect, they were speaking not of the need to speak to their corporate brand values or promise, but of the need for the business community to be active as a whole. Some pointed to the need for the business community to build a better relationship with stakeholders in society, partly in exchange for maintaining social license. A few mentioned the need for businesses to help ensure the common good of the marketplace in which they operate and draw revenue. This involved the need for companies to speak out on policies that support the context or construct within which business operate: e.g. in so far as education, skills training, or infrastructure are important for broader prosperity.

“Ultimately, CEOs need to try and bring about good public policy that benefits all.”

“We are losing social cohesion in part because business people are absent from the debate. They need to be out and show how they are creating growth for all.”

“It’s everyone’s obligation to advocate on social issues. Because we have to have values in society.”

Most believed that any CEO advocacy needed board approval. In so far as many believe advocacy should reflect well on or be guided by the brand, it’s understandable that in this respect the CEO speaks on behalf of the whole of the enterprise – not her or himself.





CONCLUSIONS

The Need to Elevate Communications to a Strategic Function

CEOs understand the importance of corporate communications. Most do not consider it a tactical execution function that is secondary to or supportive of strategic functions. We found that many of the topics addressed in this research were highly relevant to CEOs and that most understand the importance of their role with respect to communications. Many embrace their role in this respect. While corporate communications serves multiple critical purposes, the most common or important is to support the corporate brand in a competitive marketplace or context where industry reputation is key to the ability to operate.

An important consideration from this research may be that more companies understand the importance of communications than are fully investing in it. CEOs reflected on the importance of their work in respect of communications and the direct engagement they have with those responsible for communications in their organizations. Yet many have not established a position of Chief Communications Officer or equivalent at the executive leadership table or created a routine, ongoing direct report channel to the director responsible for communications in their company. Some are in effect elevating the function on an as needed basis whereas other leadership teams have made the decision to put a lens on communications to guide ongoing and strategic decision-making.

Social Media's Impact on Business Decision-making Processes

One reason why some have elevated the communications function within their companies is social media. The importance of this issue to many CEOs should not be underestimated.

Social media offers the tools for companies to drive corporate brand initiatives, a very important objective. Yet it also entails huge risk. Companies are discussing how to manage and respond to employee, consumer and citizen feedback in a manner and with a degree of timeliness that would not have been considered a decade ago or even five years ago. The model of command-and-control or "megaphone" communications that can push out a message is breaking down. The need to respond and adjust to this two-way dialogue is changing not just communications, but "accelerating business decision-making" as one CEO put it. We can expect that as the marketplace, workforces and society embrace a greater reliance on digital media we will see more importance placed on the coordination of the communications function and other functions at the highest levels of companies and organizations.



“It’s a strategic function and should be funded accordingly more than ever – you need to make sure it’s done right.”

“In my experience,
it is often one of the
most underdeveloped
critical muscles in
the organization.”

The Importance of Internal Communications

The one area of corporate communications that CEOs are most concerned about getting right is internal communications.

Internal communications is no longer seen along the lines of the traditional model of communications that has been the purview of human resources departments (i.e. with an emphasis on hierarchy, deployment, scheduling or compensation). CEOs believe internal communications is tightly linked with core business objectives. And internal communications works in a hand-and-glove fashion with external communications, to guide those who tend to be more responsible for external communications.

Internal communications is also the area where CEOs believe they have an important role, while other communications activities will be the purview of others in their organizations or trade associations. External audiences that CEOs must address include senior government decision-makers, the media, industry partners and important stakeholder and shareholder groups. But the more frequent and seemingly more important engagement that CEOs feel they are involved in is with their boards, their membership (in the case of associations), senior leadership, middle management and front-line personnel. These are the key audiences CEOs must engage with on an ongoing basis and they take that role seriously. Given these requirements it is important for professionals that work with them to understand the needs that CEOs have identified:

- To arrive at an essential message that is clear and overcomes the complexity of business issues.
- To deliver that message in a compelling way.
- To deliver a consistent message as widely as possible, on multiple occasions.
- To deliver a core vision or story but in a way that is tailored to different audiences to ensure understanding from different perspectives.
- The need for communications to allow for dialogue, to build understanding, be it in-person sessions or online with new tools that offer this.

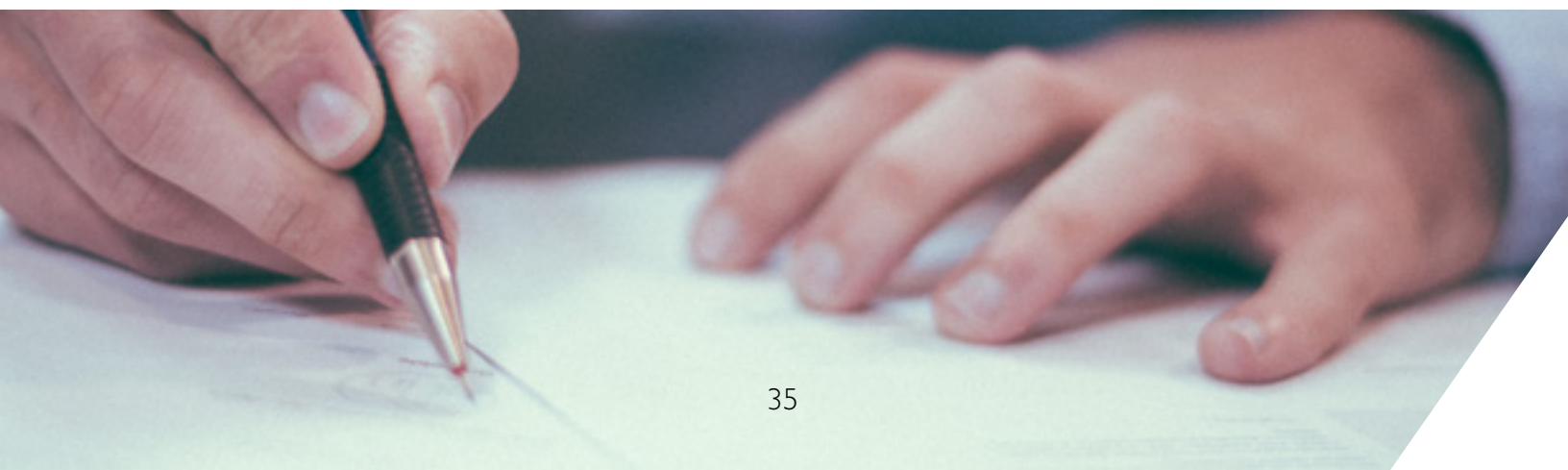
Public Policy & Social Advocacy

This is an area where we heard a range of viewpoints, but where many see less of a role for the CEO, particularly when it comes to issues not related to core business interests.

The extent to which companies will be engaged in public policy advocacy with respect to government is going to vary based on the amount of government oversight in a sector. Some CEOs believe their role is limited to liaison with the most senior government decision-makers.

When it comes to broader social and public policy advocacy, business leaders were divided.

For many companies and CEOs, the discussion about advocacy is going to relate back to the brand. The key to unlocking or guiding a more activist approach must be based in the relationship with and reinforcement of the brand. If that connection exists, a CEO, with board support, could comfortably engage in advocacy.





ABOUT THE SPONSOR AND THE RESEARCHERS

John Molson School of Business

Concordia University's John Molson School of Business is one of the leading business schools in Canada. AACSB-accredited since 1997, JMSB offers an engaging, hands-on teaching and research environment. JMSB's internationally-renowned faculty members are constantly pushing the boundaries of business research and many of them have been recognized for their exceptional teaching and scholarship.

The Luc Beauregard Centre of Excellence in Communications Research

The Centre was established at the John Molson School of Business in Montreal in 2012 to pay homage to Luc Beauregard (1941-2013) who founded NATIONAL Public Relations in 1976 after a 10-year career in daily newspapers. The mission of the Luc Beauregard Centre of Excellence in Communications Research is to advance the strategic role of public relations at the highest levels of organizational management and leadership by supporting and promoting applied and innovative research and establishing best practices that can assist and inspire today's and tomorrow's senior professionals in all types of organizations. The Centre's ultimate goal is to strengthen exchanges between industry and academia, better understand the role of communications in business and propel excellence in graduate studies.

Advisory Board


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The Gandalf Group

The Gandalf Group is a leading provider of public opinion research, strategic communications advice and issues management. The boutique firm offers multi-disciplinary expertise in advanced statistical research, politics, economics, law, the media and communications using various methods of opinion research as the basis for strategy – including surveys and qualitative research and with both the general population as well as through elite interviews and business-leader/C-level surveys

The firm believes that only by utilizing research as the foundation to any strategy can the key message development, overarching program elements and tactics be ultimately successful. The firm's C-Suite Survey, conducted quarterly, seeks the opinions of chief executive, chief financial and chief operating officers in Canada's Top 1000 Corporations, compiled by Report on Business, to inform and shape public policy and to facilitate a dialogue among business leaders.

For more information about us and this project contact Alex Swann or David Herle at 416-644-4120 or swann@gandalfgroup.ca or herle@gandalfgroup.ca



“Employees need
to know the destination.
Where are we going
and why?”

APPENDIX A

Interviewer's Guide

The Gandalf Group has been retained by the Luc Beauregard Centre of Excellence in Communications Research within the John Molson School of Business at Concordia University to conduct interviews with business leaders and perform an audit of the CEO communication function.

This interview will allow you to reflect on the role of communications as part of your responsibilities as CEO and see how your perspective and your organization's approach compares to others. Are expectations growing? What are the opportunities? How can CEOs and their companies manage the communications challenges they face? Additionally, we want to ask about the concerns and opportunities CEOs associate with online social media, public policy advocacy and social responsibility. While we have a series of questions to help us understand each topic, it is important to note that these questions are a guide to the interview. Our goal is to understand each topic from your perspective.

All participants will receive a copy of the results. Findings will be presented in June at the CEO Communication Summit, presented by the Centre at Concordia University in collaboration with the Professional Speechwriters Association. Findings will also be shared at the International Economic Forum of the Americas.

You can be assured that all comments are confidential.

Corporate Communications & Business Objectives

Corporate communications can be understood to include:

- Internal communications with employees and leadership
- As well as external communications including:
 - a. Corporate reputation management
 - b. Public, stakeholder and media relations
 - c. Investor relations
 - d. Online and social media
 - e. Issues and crisis management

So, for our discussion today, corporate communications can be deemed to include those items.

1. Thinking beyond your responsibilities as CEO, how important is corporate communications to

your organization's strategic goals or business plans?

SCALE: Very important – somewhat – somewhat unimportant – not at all

- a. What are the most important objectives or responsibilities that your organization's communications function helps to fulfill? (E.g. reputation and risk management, strong stakeholder relations, understanding and buy-in into objectives like social license, attracting investment and sales.)
- b. Is the communications function a strategic function in the organization? Or is it more tactical execution and not a "seat at the table"?
 - i. Why?
If it is a strategic function:
 - ii. Do you believe you fund it accordingly?

2. What, in your opinion, is the most effective reporting relationship between the CEO and the organization's Corporate Communications function? Is it having the CCO or highest-level communications officer:

- a. as a direct report?

OR

- b. reporting through another department or officer?

The Role of the CEO

3. Compared to other skills a CEO must possess, how important are a CEO's communication skills to the success of an organization?

SCALE: Very important – somewhat – somewhat unimportant – not at all

- a. Probe in either case: why is that?
- b. If important: what are those?

4. How much impact does the CEO have on an organization's reputation?

SCALE: a great deal – some – very little?

- a. If a great deal: is that leveraged through having a profile? Or in other ways involving communications?
- b. Or in ways that are unrelated to profile and communications?

5. Are there risks associated with a CEO that lacks the communication skills needed by an organization?

a. What are those?

The CEO's Effectiveness

6. What is the greatest challenge CEOs face when it comes to being effective at communications?

- Probe for whether there are practical challenges (E.g. public speaking, interviews, media relations, speech/message writing?)
OR objective-oriented (E.g. communicating vision, message; effective engagement with employees; investor relations?)

7. What is THE one communications activity you are involved in that you believe is most effective and delivers the most value? (E.g. notes to employees, direct dialogue with leadership team, investor relations, speeches, social media)

Digital Media & the CEO

8. I'm going to turn now to the topic of social media and the opportunities and risks it entails for your organization. How much of a concern are the reputational or other risks of social media to your organization?

9. What is of greater importance or concern to your organization: the upside and opportunity social media represents or the downside risk it presents?

10. Do you think CEOs should be personally engaged in communications through social media?

a. Why or why not?

b. Does it benefit their organizations? If no: is it because it is a risk?

Public Policy & Social Advocacy

11. I'm going to ask now about public policy advocacy: i.e. using communications, including government and stakeholder relations, to impact government policy. How important is it for organizations to be engaged in public

policy advocacy on matters affecting their sector or business?

SCALE: Very important – somewhat – somewhat unimportant – not at all

12. Is the need to engage in public policy advocacy increasing or decreasing?

a. Why? What has changed externally?

13. How important is the role of the CEO when it comes to public policy advocacy? Should the CEO personally engage in policy advocacy? Or should it not involve the CEO personally and be carried out only through spokespersons, reports, publications?

14. Do you believe corporate advocacy...:

- Should be strictly limited to issues and policies that are tied to a company's industry or business plans?

OR

- Should it also extend to issues or policies that are not tied to a company's industry or business plans?

a. If a. "Should be strictly limited":
Why? What concerns arise if advocacy went beyond issues relating to the core business?

b. If b "Should also engage on issues not tied to its business":

- Why do you say that?



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