

***Managing Global Reputation in the Age of Social Media***

by

**Mr. Paul Holmes**

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*Merci Beaucoup! Bonjour tout le monde.* That's pretty much it for the bilingual part of this presentation! I am English by birth, but American by inclination as the United States is where I spent most of my life. Like most people, I consider myself bilingual because I can speak both English and American and that's about as far as it goes. I will reiterate what John said at the end of his introduction: I am incredibly impressed that you could bring together a room of 260 people at 7:30 in the morning to discuss Public Relations. I asked Jordan while I was having breakfast whether this is a Montreal thing and he said: "No. It's a Luc Beauregard thing." And so obviously, I wanted to take a moment to thank Luc for this invitation. It's incredibly flattering to kick off what I assume will be an increasingly popular distinguished lecture series as the years go by. And I also wanted to take a moment to send my best wishes to Luc.

One of the things that may have become apparent during John's introduction, is that I have never spent a day of my 25-year career actually practicing Public Relations, which might for some of you raise the question of why I have the hubris to stand up in front a room of people who presumably have over 1,000 years of collective experience in the field and try to tell them what's going on in their own world. I will use in my defence a quotation that I've by using for probably 20 of those 25 years. Somebody once said that, "If you steal ideas from one person its plagiarism but if you steal ideas from more than one person, it's research." This is, therefore, an incredibly well researched presentation because seriously I steal ideas from almost everybody

that I meet. In fact if there is a better definition of what a journalist does, I have yet to come across it. So what you are going to get over the next 45 minutes or so, depending on when John starts doing waving at me frantically, it is my distillation of the collective wisdom of all the people that I've spoken to in recent years about where our business is heading. Now, I am going to do the classic journalistic "good news/bad news" thing for you guys. The good news is that, as I think John hinted: we are at the threshold of a very exciting time for our profession. I really believe that partly as a result of the social media revolution but partly as a result of societal and demographic changes that were taking place even before digital media came along. We are entering an era in which Public Relations has the potential to add more value to organizations than it has been allowed to do in the past. Maybe it's worth saying at this point, that when I look at where Public Relations is today and where it was when I started writing about it, I think that the progress has been almost painfully slow. I still see an industry, which I believe is adding maybe 15 to 20 percent of the value that it could potentially add to major corporations and to other institutions. So I think there is still a tremendous opportunity for us to grow both in terms of sliding scale and perhaps most importantly in terms of the strategic role we have inside organizations. So that's obviously the good news.

The bad news is, as Public Relations grows in stature, I am worried that Public Relations professionals will not be the ones to benefit. As Public Relations plays a more strategically important role inside organizations, I am worried that those organizations are beginning to look to people from outside our profession to fill that role. I often see Public Relations being folded into the marketing function as it was a couple days ago at VISA in the United States. Or where the senior Public Relations person is coming out of a different field such as Human Resources, or marketing. Or even, Gold help us, I am sure that some of you in the room today are from the legal profession. So, I am a little worried that that's happening inside organizations. I am also frankly concerned about the Public Relations agency business—and I know that some of you come from the agency world—because I see an environment in which the competition to fill the role that I believe ought be filled by Public Relations firms is now attracting people from

other disciplines. Fairly obviously, people in the advertising business are beginning to look at Public Relations and all of a sudden Public Relations ends up in the era of the 30-second commercial, where the name of the game is “screaming your message at people over and over again in the hope that they will finally be worn down by it.” Instead, Public Relations is, and ought to be, in the era of engagement, which is much more important. Advertising agencies are trying to get into our business and have some significant advantages, particularly in terms of size, scope and finances. At the other end of the equation, I see management consulting firms looking at the more strategic role of Public Relations and saying to themselves: “We can do that too.” And so it doesn’t surprise me when I hear that Public Relations firms are now beginning to compete for high-level strategic communications assignments against the likes of MacKenzie and Booz Allen. So there is a highly tremendous opportunity and that opportunity is attracting all kinds of competition that we might not have seen a few years ago.

It’s probably worth stopping for a second and explaining to you what I mean by Public Relations because obviously this is an industry where definitions vary from practitioner to practitioner, from country to country, from discipline to discipline. My view of the role of Public Relations stems essentially from my journalistic background and my belief that words ought to mean what they say, and so it’s a fairly simple definition. My definition of Public Relations is: it’s the discipline of managing every aspect of the relationship between an organization and all of its publics.

It’s probably worth mentioning two additional points to reinforce what that definition means in practice. The first is that we should stop using Public Relations and communications as if they were somehow synonymous. Your relationships with your stakeholders, if you are an organization, your relationships with other human beings, if you are a human being, are defined not by how you communicate, but by how you act. If Public Relations is not about setting policies, if it’s not about influencing corporate behaviour, if it’s not about making the kind of

decision that impact on how companies behave, then it's not in fact Public Relations at all. One of the saddest things that have happened to our profession, particularly in the United States, is that we started to call the senior Public Relations person inside an organization the "head of corporate communications." Basically, that means that this person explains policies and doesn't set them and I think that's a very dangerous way to view our profession.

The second point to reinforce what my definition of Public Relations means in practice is an important one because as I said earlier, in a lot of organizations, the functions of Marketing and Public Relations are beginning to converge. And this point is as follows: it has always been my belief that if you put marketing and Public Relations together, the function you that end up with is Public Relations. That's because by high definition marketing is merely a subset of a broader thing called Public Relations. Marketing is a discipline of managing the relationship between an organization and its consumers, Public Relations is the discipline of managing the relationship between an organization and all of its stakeholders including consumers. So while this is not the way that I suspect most of the organizations represented in this room or most of the organizations that you and your agency person are representing structure things, it is I suspect the way the industry is going to evolve and I will get into this a little bit more in a few minutes.

Let me get back to explaining why I think we're entering a period of traumatic transition, and as the title of my presentation suggests, it's in large part because of the social media revolution. I'm going to suggest three things about the social media revolution. The first thing is that for marketers the social media revolution has changed heavily. I think that five years ago, it was probably still possible for a marketing executive to believe that the brands, the thing he or she was responsible for, was defined primarily by what the company said. In that universe, your brand was the sum total of your advertising and your sponsorships, your executive speeches, your press releases, your Website, all of the things that you told people about your brand.

Anybody who has that notion of how a brand is created today is living in the past and is about to face a major crisis. Today, your brand is determined not by what you say but all the things that other people say about it. Today, your brand is being defined by millions of conversations. Some of these conversations are taking place in digital media, some of them are taking place in what we used to call the real world where people interact on a daily basis at dinner parties, over their backyard fences, in the hair salons, at cocktail parties and they are talking about your companies, your products, your brand, your behavior and how you treat your employees, whether you are socially responsible all the time. These are the things that define your brand today.

So if you are a marketer you are forced to shift from a world where you can just tell people what you wanted them to hear to a world where suddenly they are telling you a lot of things, many of which you perhaps don't want to hear. Now, the flip side of that, it seems to me, is that for Public Relations people—the good Public Relations people—the social media revolution has changed nothing. In other words, the fundamental principles of our business—the things that were important to good Public Relations, 5, 10, 20, 60, 100 years ago when Ed Bernays and Arthur Page were giving this profession shape—are still true today. The principles that define good Public Relations, things like transparency, authenticity, conversation, dialogue, engagement, those things were important to doing our job right 10, 15, 20 years ago. They are still the keys to doing our jobs right today. Those principles have not changed at all because of social media.

Social media has changed two things however. First, it's changed the price of not doing good Public Relations. If you don't do it well, you will be discovered much more quickly. If the Public Relations activity that you are engaged in isn't authentic and transparent; if it isn't about conversation and dialogue, then you will be discovered much more quickly and you will be punished much more severely. In other words, it has raised the stakes for our profession

dramatically. It has made the contrast between good Public Relations and mediocre and/or bad Public Relations much more evident than it was 10 or 15 years ago. That means that as an industry we face some fairly compelling challenges.

At this time, it is probably worth coming back to what I said earlier about the discipline as a policy-level discipline and maybe explaining what I mean by that. A few years ago, I was at a conference organized by The Arthur Page Society, which many of you will be familiar with, and the topic—and this is a wonderful example of just how self-flagellating our industry can become—was “Is Public Relations too important to be left to Public Relations people?” And there were a series of arguments, many of which related to the idea that the CEO should in fact be the chief Public Relations officer for an organization because so much of an organization’s culture values and therefore reputation stem from the CEO’s office. It’s an interesting argument but not one that I am inclined to spend a lot of time thinking about, partly because I don’t think it answers any of the critical questions about our profession. Whether the CEO is ultimately responsible for the organization’s reputation or not, I don’t think fundamentally changes the role of a Public Relations person.

I think that the Public Relations person has two jobs: the first is to counsel the CEO and the rest of the senior management team on the reputational implications of their decisions, and the second is to make sure that everybody inside the organization understands the reputational implications of their decisions and their actions. I think that if the Public Relations person is the only person thinking about reputation, then your organization is not going to have a good one, just in the same way if the CFO is the only person thinking about whether you’re profitable you are probably going to lose a lot of money. And so, I don’t think to say well ultimately the CEO is responsible for profitability, means that you don’t need a CFO, I don’t think saying ultimately that the CEO is responsible for reputation means that you don’t need a good senior Public Relations person.

It's worth exploring what this means in practical terms. A recent example of what can go wrong when Public Relations isn't involved in decision making comes from my experience in the UK. I don't know how many of you followed the scandal that unfolded in the UK over the last twelve months involving Starbucks and actually a host of other American companies including Amazon. Starbucks structured its UK operations in such a way that they paid almost no taxes in the UK. This was a sound piece of accounting planning but it also led to conspicuous outrage amongst Starbucks consumers in the UK. One of the interesting things about Starbucks is that while it is viewed as an incredibly progressive socially responsible big brand in the United States, in the UK it's not regarded with any great affection. When this crisis broke, there were some serious issues. I had the good fortune to meet with somebody from Starbucks and I had written a piece in which I suggested that when something like this happens there are always I think three potential explanations when it comes to the role of Public Relations. The first is that this was a tax avoidance plan and ran past the Public Relations person. The Public Relations person says, "Great a bigger bonus cheque for me at the end of the year and if we make more profit, let's go for it." The second is that the plan was ran past the Public Relations person and the Public Relations person says, "Hey, that's a really terrible idea because we are living in an age of transparency and we will eventually be found out and that's going to create a big crisis for us in the UK, and people are going to start crossing the street to go to one of the 500 other coffee shops in London instead of ours. Let's sacrifice short-term profit for some long-term relationship building." And the legal and financial guys who put the plan together in the first place probably said, "It is the PR guy, we are going to go ahead and do it anyway." The third possibility, the one that I suspect took place here, and most of you will recognize is the most likely, is that nobody in the organization ever gave a moment's thought to the idea that their tax policy is something that they should run by their Public Relations people. I would argue that experience has now demonstrated that to be conclusively wrong. I would argue that in fact there is no decision that has a potential to impact your reputation that you should not run by your Public Relations people before you take it. How many organizations do that? I would say, within a margin of error of sort of 10 to 50 companies, zero. I would say that it is extremely

unlikely today, that even in Starbucks which has gone through this problem, Public Relations people have a role in setting tax policies.

This situation is because organizations still don't understand the reputational implications of their decision. Some of it is because Public Relations people do not want that responsibility or many Public Relations people do not want that responsibility. A few years ago, I wrote in a slightly different context a column in which I argued that Public Relations people should have been responsible for or should have had some sort of overview, some sort of veto power for a design decision at an automotive company that led to a truck rolling over more often than perhaps we would have liked it to. This was a column that I had written for another publication. Somebody wrote a letter to the editor that publication expressing frustration with my worldviews. That letter essentially said, "First Paul Holmes tells us that we ought to be advising the CEO on reputation, then he tells us that we ought to be advising the CFO how he presents the results, then he says that we should be talking to the human resources person about employee communications, and now he is telling us we ought to be responsible for this scientific/design decisions that impact our products. Is there no end to the kind of issues Paul Holmes thinks that we ought to be setting policy on?" And I looked at this letter and I thought well, I've heard that before. There are people who think that I am slightly ambitious expansive view of what our profession is about. And then I thought imagine somebody writing to the Legal Times and saying: "First Paul Holmes says that the lawyers should be responsible for making sure that our financial numbers meet legal requirements, then he says that the lawyers should be responsible for making sure that our employee policies meet legal requirements, now he wants us to make sure that our products are legal too? Is there now any of the kind of role that Paul Holmes envisions for lawyers within organizations?"

One of my pet peeves in this business is that, I occasionally hear from Public Relations people "It's incredibly difficult to get communicaitons out in the social media age, because you have to



run them by lawyers first” and I understand that that’s frustrating. I don’t think it’s necessarily illegitimate but if something has the potential to create a legal problem for you, then by all means run it by the lawyer before you send it out. But, there is a flip side to that, which is, if something has the potential to create a Public Relations problem for you, you have to run that through the Public Relations department before it goes out and that includes pretty much every legal document that your organization signs. It’s hard for me to imagine a contract of any kind that doesn’t have the potential to impact your reputation. Public Relations people should have just as much rights to review legal documents as legal people have to review Public Relations documents. The only thing that I have say to about that once again, I don’t know any Public Relations person who thinks that’s going to be the most fun part of their job. This idea that you’re sitting there going through this document that’s written in that strange kind of language that lawyers use. I don’t think that’s going to be fun, but the principal I think of this is true. And I think what has to happen obviously in order for us to arrive at a place, where the right kind of organizational decisions are made is that Public Relations has to begin to be seen as a discipline on a parity with certainly Legal but also Operations and Finance.

Every time an organization makes a decision, there are four broad sets of implications that it needs to consider: It needs to consider financial implications, it needs to consider legal implications and it needs to consider operational implications, in those three sets are nearly always represented in a boardroom at C-suite level within organizations by somebody who can bring a professional finance legal operation perspective to bare on a problem. But in the social media age, organizations need to consider the reputational relationship implication of their decisions, and there is very rarely somebody in the room with the same level as those other three disciplines, who is responsible for that, but that is the function, that I believe well-managed companies are going to need to create in the future, and it’s the function that the people in this room are going have to fill in the future if they are to add value to their organizations the way I believe Public Relations can and should add value to an organization. So the question I think we have to ask ourselves as an industry is: “Are we ready to step up to that

position and if we are not ready, what are the things we need to do in order to prepare ourselves?”

I will say that many of the organizations that I speak to, don't believe we are ready; and some don't believe we ever will be, which is why when they start to merge Public Relations and marketing or when they start to consider that Public Relations should be functioning at that kind of process decision making level within an organization, they are turning to people who don't come from traditional Public Relations backgrounds. So I wanted spend a moment to look at what I think has to happen. The first thing that has to happen is that we have to recognize that Public Relations is in fact one broad discipline, not a range of smaller, more functional disciplines. One of the problems with our function inside organizations is that it has become balkanized over the years. It operates in several different locations within an organization. I don't know how true this is going to be of some of the companies represented in this room. It's true with an awful lot of companies I deal with. In many companies you have the people who are responsible for employee communications over here, reporting to human resources, the people who are responsible for investment communications here reporting to the CFO, the people responsible for public affairs reporting it to the chief legal officer, somebody else who is responsible for executive communications having a day-to-day relationship with the CEO and then you have a marketing department which is completely detached from any other function. This is no way in a modern era to run Public Relations. Your organization only has one reputation, it has to be managed centrally; it can't be managed in several different locations. If you do it in the way companies do it today, you either create tensions between those groups. You're communicating one message to shareholders “We're having a really great year” and another message to employees “No we can't give you a pay raise this year, things are really tough out there” at the same time on the assumptions that neither of them is capable of listening to what one is saying to the other or you are missing out on the opportunities for synergy.

Let me give you an incredibly silly example of what I mean by missing out on opportunities for synergy because I think it illustrates the way a lot of companies still think about marketing and Public Relations and the relationship between the two. And this has to do with McDonalds and I don't know if this campaign made it North of the border. But a few years ago McDonalds was running a campaign in the US with a tag line "We love to see you smile." Now, I was brought up on the notion that a brand is a promise. And, I've also come to believe over the years that the people who are responsible for keeping that promise are your front-line employees. And, I thought this was an interesting promise that McDonalds was making to me, "We love to see you smile." I'd like to see, whether they are in fact living up to that promise. I was at times frequenting, more often than I should, McDonalds in Time Square. And so, I walked into the McDonalds in Time Square, smiled at the girl behind the counter. And unfortunately the people at McDonalds in Time Square don't have to make the eye contact with you so my smile was somewhat wasted, but I'm nothing if not persistent, so I thought the next time I go into McDonalds I will work a little bit harder on this because they "love to see me smile." So I went in there and ordered my Big Mac and fries and smiled like a son of a bitch. You're lucky I've just been watching Deadwood and I got another word in my head entirely, so I smiled a lot. So, I'm pretty sure, that I was closer to being arrested, than I was to being smiled at. The girl behind my counter obviously thought that I was slightly crazy; for Times Square it's not necessarily an irrational response. I quite understand that very few of us go to McDonalds for pleasing human interaction. I get that. But, at the same time, if that's the promise you're going to make, it seems to me it is somewhat incumbent on you, to make sure that people try to keep that promise. Unfortunately the mindset of McDonalds back then and I suspect that of many companies today, is that the job of the marketing person is done once he's come up with a catchy, jingle and a tag line and a thirty second commercial of people smiling at you that makes you want to go to McDonalds. Actually, that's not where the job begins. The job begins with training your people about what kind of brand experience they ought to be delivering. In other words, human resources and employee communications are perhaps the most critical part of marketing for service companies today. If those two things exist in totally different spheres within inside an organization, it's not surprising that some of them get into problems.

Another example of this and I can't spend too much time on this but I was in Lithuania a few months ago, talking to people from SEB Bank in Lithuania, who had just gone through this huge vision/values/mission exercise. It was part of the bank's response to the financial crisis and they had come up with three values, which were open, honest and simple. That they were going to characterize every interaction between the bank and its customers in such a way was a nice idea. The Public Relations people at SEB Bank who invited me to come to their conference, something that I hope you don't regret twice as much as they did, presented me with this wonderful five-page story in the leading business publication in Lithuania, which was an interview with the CEO of SEB Bank in Lithuania who was talking about the values of being open, honest and simple in the way that Public Relations people dream of. It was this, wonderful sort of uncritical article about the CEO's vision for a much more open, honest and simple bank. And, I said that's great, that's a terrific media placement. How have you been communicating the new values internally? And, then head of Public Relations said "Oh, we are rolling them out in a campaign next week."

So, here's the world we're living in today. Imagine for a moment, you are a client of SEB Bank and you read this magnificent five-page article, and you say "There's a bank that really speaks to my concerns about the financial services sector," which let's face it has been closed and dishonest and unethical and far from simple for as long as we can all remember, "I am going to move my business over to SEB Bank." Imagine, you go in meet with the bank teller, the lowest paid person in the entire SEB Bank operation. And, because the communications campaign to explain these values is rolling out in a couple of weeks, they have no idea what you're expecting or what sort of values they are supposed to be delivering and so they are not quite as open, not quite as simple as you want them to be. Who do you believe? Do you believe the CEO? Or do you believe your own experience with the lowest paid person in the organization? The answer is that all of us believe our experiences over corporate communications and, that's why I said earlier that I believe that the other part of the Public Relations person's job, after counselling the CEO, is to make sure that everyone else in the organization understands that Public

Relations is their job too. Every time they interact with another employee, with another stakeholder of any kind, they are responsible for your reputation. And in this day and age, an uninformed employee can do much more damage than any of the good you can do by doing the traditional corporate communications things like getting the CEO interviewed by the medium publication in the market. That much has changed.

So, the first thing that has to happen is we have to consolidate the Public Relations functions into one. Make sure that the reputation is being managed centrally, and make sure that it's being managed in the C-suite, the same way that people legal, financial and operations are. One of the things that we, as professionals, need to do in order to take that responsibility inside of organizations is that we need to make sure that we are better business people. I've been around Public Relations people for 25 years and I don't think I've ever had a CEO say to me "My Public Relations people really don't understand the media" or "My Public Relations people really don't understand how to communicate." What I have had them say is "My Public Relations people don't understand the business." One of the problems our industry has, is that Public Relations, at the very beginning of the process, tends to be taught in journalism schools, in marketing schools rather than then in business schools. Now, I think it's great, the way academic institutions are beginning to incorporate Public Relations much more into the business school curriculum. But, the reality is that we have to do that much more aggressively as a profession. We have to work towards that much more aggressively; we have to work much more closely with business schools than we have in the past. And, there are two fairly simple reasons for this. One of them that I have already indicated is that I believe Public Relations people have to come through with a much better understanding of the business than they ever have before. The other reason is that the business people, the CEOs of tomorrow, need to come through with a much better understanding of Public Relations than they have today because Public Relations is going to be an increasingly important part of their job. We're living in a world where bad Public Relations decisions can have really serious implications for organizations and if CEOs don't understand how that impacts their business then they are going

to be less good as CEOs. So, it's important, it seems to me, for us to start, doing Public Relations into the business school part of an educational system rather than journalism school part of the education curriculum and to do it as quickly as we can.

The second thing that needs to happen—and to a certain extent it's not unrelated to the first—it's that we have to get better at data. I am not going to be the guy who up comes of here and gives you a big speech about how important big data is, partly because I am basically enumerate but also partly because I suspect they are other people who are much more interesting and lucid on the topic than I'm going to be. But the reality is we need to understand how to crunch data, and how to access and bring data in the decision making process much more effectively than what is already being done. (I've just gotten the five-minutes signal, so the next five minutes are going to be very fast, try to keep up!) It used to be that advertising agencies were the communications partners who had access to huge amounts of data because data was expensive and that meant that insights were expensive. Data is no longer that expensive. Data is now accessible to all of us in real time via social media. We have to learn how to crunch it; we have to learn how to use it; we have to learn how how to derive insights from it. But we basically, have to become much more empirical in our approach than we have been in the past. Those are the first two things that have to happen.

Now, on to a couple of personal qualities that we need to work on. The first and these are going to sound slightly conflicting, or at least there are going to be very few people in whom these two qualities will be able to coexist comfortably. The first is courage. If you are going to be a Public Relations counsellor, if you are going advise senior management of its behaviour, you need the guts to stand up and tell the CEO when he is being an asshole. You do not necessarily need to use that word. The fact that I do quite so easily is one of the reasons I write about this stuff rather than practice it. But at the end of the day, the way you add value as a counsellor is by preventing the CEO, and other members of the management team, from doing something

that they really really want to do. You have to be the person who stands up and says, "This is a truly bad idea, let's not go there." And obviously you have to pick your battles; you have to do that selectively. I do not, unlike some of my peers, recommend that you strive to be the conscious of the corporation. A conscious is something that nags. If you become the person in the senior management suite who nags all the time, sooner or later, they will stop inviting you. But I do recommend that you are the person who points out sound business reasons, usually rooted in the way that the decision is going to destroy relationships, for not doing whatever it is the senior wants to do.

The second quality which is I said, may seem slightly contradictory is empathy. I think that the quality that is most absent from management decision these days is empathy. I think in a world where you are engaged with, interacting with stakeholders all the time, empathy is required and I think that we have to take into account the way in which the power dynamics have shifted as a result of social media. I was around 20 years ago when Shell thought absolutely of nothing of uprooting an entire people in Nigeria in order to have one of its refineries built there, and was quite comfortable with the Nigerian government hanging those who felt that was inappropriate. A few months ago, I had the good fortune to visit a Rio Tinto project in Mongolia, where the community outreach has been absolutely exemplary. This is the biggest mining project I suspect anywhere in the world right now. When it is finished it's going to account for about 60% of the Mongolian economy. There was a time when a government like that in Mongolia would simply have removed people from the land in order to create this project that benefits everybody. Today they did it in an incredibly consultative way. I'd like to think they did that because they've become more enlightened, I suspect that they've done that because they understand that the least powerful people in the world can create a massive movement on the Internet by virtue of having no power whatsoever. And with the fact that they are entirely without any kind of traditional power gives them the kind of soft power that can really influence corporate behaviour. So we need to start to act with empathy towards groups like that.

The final thing that I'll mention is the final thing everybody mentions when they talk about Public Relations, which is that we have to start demonstrating that what we do impacts the bottom line of the organization in a much more efficient and effective way than we've have done in the past. I run what I suspect is the largest competition of Public Relations anywhere in the world. I view something like 4,000 Public Relations programs every year. It remains slightly disturbing to me that, first of all, many of our programs continue to be measured in term of the reach and frequency that we've delivered, typically expressed in the number of people who had an opportunity to see something. It is also disturbing to me that we're often basically counting media clips as if they were somehow a strategic objective. I do by the way have a pet peeve with people who say that their goal was to raise awareness and their result was ten million media impressions. Those two things are not the same. But we need to move beyond that. I do not have a definitive answer for what good Public Relations evaluation feels like; if I did, I'd probably be doing something that makes me a lot more money than writing about what Public Relations does.

But I do have an idea. How many of the people in this room are familiar with the concept "Net Promoter Score"? Four, better than average! So Net Promoter Score is the system that was developed by the author Fred Reichheld from Bain which was initially designed to tract customer loyalty and to give you an incredibly simplified shorthand version of Net Promoter Score, it basically looks at the number of people who are advocates for your company, your brand. It looks for the number of people who are detractors for your company or brand, who are out there in the world saying bad things about you. It subtracts the later from the former and comes up with a fairly simple numerical score. The higher the score, the better predictor it is of future financial success. In other words there is a pretty well demonstrated link between Net Promoter Score and corporate performance. I like Net Promoter Score as a measurement for Public Relations. First of all, as I said ties back to business results. There is evidence out there, that a high-end Net Promoter Score will drive better business performance. Secondly, it is a pretty good definition of what I think our job is. If your job is to measure and improve



relationships between an organization and its stakeholders, then essentially what you want to do is create more advocates for your brand and reduce the number critics. And I think that's a pretty good definition and that's a pretty good proxy for the status of your relationships. Third, and perhaps most important, I believe that Public Relations can move an organization's Net Promoter Score much more effectively than any other discipline can. I believe that Public Relations, in my definition, is a combination of good corporate behavior with good communications and it can do an immense amount to move Net Promoter Score. If you think about the kind of organizations that you promote as a consumer, my guess, is that they fall into a couple of categories. The first is companies that deliver a great experience where every time you check into their hotel like the Ritz Carlton, you have a great experience. Or every time you fly with Virgin Atlantic—as opposed to say American who conspicuously fails to get me into Montreal yesterday—you have a great experience. These are the kinds of brands that you talk about. That experience is the product, it seems to me, to be good Public Relations. It's the product of great employee communications at the very least. But the other kind of brands that you love to promote, are brands that have done something beyond delivering a product to you, something that you think is important. They are socially responsible brands. They are brands that have made a real authentic connection with some sort of cause or some sort charity that you really care about. It's hard for me to imagine an ad campaign that has the same kind of effect on Net Promoter Score. You don't see an ad campaign go out and suddenly start promoting a company. You may go out and start talking about how great the ad is. But very rarely do you go out and start talking about how great the company is. More important than that however, if we can start companies thinking about Net Promoter Score as the ultimate definition, meaning to consider how things have successfully engaged people, to consider how they have changed people's thinking and behavior, then suddenly the metrics that advertising has historically blown Public Relations away, metrics like reach and frequency, then these metrics don't matter anymore. Instead of us trying to prove to our clients that we can deliver the same kind of impact that advertising can by reaching a billion people, who are all watching the same kind of TV show, at whatever time of day it might be. Advertising has to struggle to prove that they can match Public Relations in terms of actually turning people into promoters

or actually diffusing criticism of a brand. And that's an incredibly powerful shift for our industry and one that puts us right in the heart of everything that is done to build brands and to build relationships.

There are a couple of other things that I would have like to have talked about if I had time. One of which is storytelling and the importance to mine companies for great stories. If there is a role for the old school journalistic Public Relations people in this modern age it seems to me, it's actually for being journalists and going down into companies finding authentic stories that we can tell to people, about our brand, our company, our products, our services, our culture. The second thing is content creation. One of the things that we have gotten really good at is creating a huge array of different content to tell those stories. I was really worried when the digital revolution started that we would be much better at conversation than we were at creating content and that advertising people who do visual storytelling very well, who know how to build emotions into communications very well would blow us out of the water. It hasn't happened. It hasn't happened for two reasons: The first reason is that advertising people turned out to be incredibly inflexible, their idea of taking a campaign digital is to take that thirty second commercial, put it on YouTube and say "Hey how modern are we?" I'm exaggerating the ineptitude of the advertising business, but trust me not by much. Whereas Public Relations people actually wonderfully channel-neutral when it comes to content. We are happy creating a white paper of 500-pages that's probably going to be read only by five people. We are quite happy to use any info graphic to slap on the front page of USA Today. We are quite happy creating a viral video. We're quite happy creating mobile app. Basically if you come to us and there is something we can do, we will do it. We don't care about being able to go to the cocktail party and saying, "See that 30-second commercial with the talking beer cans, we did that." We care about getting paid. And so we need to become much more competent in all kinds of content creation and storytelling. If we can do all of those things and a couple of others that I really don't have time for, then I really believe that we're on the cusp of a golden age for Public Relations. I think that this is such a tremendously exciting time. We have the potential to add

more value; we are beginning to recruit the kind of people who can do that, and take the kind of risks necessary to do that. As I said at the beginning, I do think that there are threats to our profession, but I also think that if we get it together, we are going to add more value to the companies and the organizations we represent over the next ten years than we ever added before. And I think this is a great time to be Public Relations, thank you very much indeed.