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**CORPORATE STRATEGY OVER THE LONG TERM:
The Role of Communications**

My thesis today is rather simply stated:

In any organization, for profit or not-for-profit, the chief executive officer is the person who bears the responsibility for how that organization projects itself to its numerous audiences, both internal and external.

While the chief executive officer can (and should) seek advice and counsel and can delegate implementation, the CEO must accept the ultimate responsibility for how his institution is perceived.

Does this minimize, or even negate, the function of public relations?

Does it serve to minimize or negate my role over the past four decades as a professional public relations counsellor?

Does it undermine the roles of the many highly qualified public relations professionals employed full time by our very largest corporations?

I think not.

And others in public relations are of like mind.

As one confirming example, the subject for the annual seminar of the Arthur W. Page Society, an organization in the United States of senior corporate public relations professionals, earlier this month, was: "Is Public Relations Becoming too Important to be Left to Public Relations People"?

This is somewhat akin to an earlier and more cosmic observation that "war is too important to be left to the generals". As citizens, we understand what that means: that war has so pervasive an effect on a society that both its undertaking and, to a certain extent even its implementation, requires oversight over and above that provided by the military professionals.

That, in a sense, can also be said about public relations -- a term I employ in the broadest semantical context. When I use the term "public relations", I refer to the function, really the process, that is nowadays also variously termed communications, public affairs, external relations, corporate relations.

For our purposes today, I am saying that the organizational function bearing any of those descriptors all have the same objective. To help make it possible for a company -- indeed any institution in our society -- to fulfill its mission by carrying out its business in a manner that enables it to make maximum use of its resources.

In principle, the nature of the business or service matters not. Public perception -- which embraces public support -- will always, to some considerable degree, longer term or shorter term, impact the ability of an organization to achieve its objectives.

My argument is based on my belief that communications -- communications founded on sound strategy and delivered in a manner that is both comprehensible and actionable by the receiver -- is the underpinning for any successful management initiative. It is the glue that binds the organization internally and with the many external audiences on which it has dependence.

Business audiences are, of course, diverse. Employees at several organizational levels, customers, shareowners, legislators and regulators, communities in which the entity has operations, the citizenry at large. But they all share a common need for information that informs, that brings about understanding and support, that motivates them to a specific action or pattern of behavior.

The chief executive officer requires effective public relations -- effective communications -- to achieve the goals he has set for his company. The simple fact is that when a company fails to achieve its goals -- real goals that have been effectively communicated or perceived goals based on false expectations -- the chief executive officer bears the blame.

It is, I believe, easier to understand that the chief executive officer is the corporation's principal internal communicator. The "message" goes out from his office: to his staff, to his senior managers, to his middle managers, to employees on the factory floor, in the office and in the field selling to customers or servicing products purchased in the past.

But it is equally important to understand and agree that the chief executive officer is also the corporation's principal external communicator.

Does this mean that, like the president of a great nation, a CEO must be in continuous, even constant, contact with the media and with all the diverse audiences that impact the corporation?

The answer is, obviously, no.

Responsibility does not, per se, require active participation in the implementation.

Responsibility does, however, require commitment and involvement. Responsibility also requires support.

What I am saying is that, with the public relations function, the CEO's responsibility is not fulfilled simply by hiring the most qualified professional to serve as his company's public relations officer and the most experienced public relations consultancy to provide advice and counsel.

Those are good first steps. But the payoff will come only if the CEO is an active participant in the process that follows. The CEO must assure himself that what is done under the rubric of public relations supports the corporate mission and short and long term corporate objectives. Most of all, public relations and communications must reflect the CEO's vision for the enterprise he is leading.

For the CEO, the techniques of public relations are his most effective weapons. Weapons that can be used to inform, to inspire, to motivate. And they can be directed to every target that's important to him: employees, customers, the financial community, governments, the public at large.

One might be tempted to observe that the effective use of communications has been important from the time of the Industrial Revolution, from the time sizeable numbers of people were banded together for a common business purpose.

In principle and in theory, the observation is valid. Some form of communication, some degree of public acceptance have always been necessary for the success of a business enterprise.

But two factors emerged during the second half of the 20th century that seriously escalated the need for more effective communications, more effective public relations, to the corporation's internal and external audiences.

Those two factors which are having tremendous influence on the way business does business nowadays are:

First. Businesses everywhere now are competing in a truly global marketplace. This is a relatively new environment for most businesses in most countries. It's barely 20 years, for example, that the U.S. market for automobiles has been open to world competition. The same is true of electronic equipment: a quarter century ago the radios and TVs in the larger more developed countries were almost always of local manufacture.

Second. Public interest in corporate governance has intensified. It's place on the public agenda varies country-by-country. But the trend is toward greater public oversight of corporate behavior and the corporation's effect on society overall.

In my view, those are watershed changes requiring a more skillful use of public relations techniques by a business enterprise, large or small, local, national, or multinational.

To compete in a global marketplace, fewer employees are being asked to deliver more units of production. They are being asked to improve quality standards, to embrace better customer service, to deliver what's now termed as customer satisfaction. Employees are encouraged to become, at every organizational level, part of the decision-making process. How well or how poorly those being asked to change their attitudes and their behavior -- even to embrace a new corporate culture -- is, pure and simply, a factor of how effectively management, epitomized by the CEO, has employed public relations techniques to explain the reason why and the need for their acceptance of change.

In the area of corporate governance, there are a number of what I will term new "pressures" on business that mostly did not exist three decades ago. These pressures come from governments, the media, the investing community and the growing number of activist groups that position themselves as protectors of the public good.

The environment -- often couched in terms of protecting the planet -- has become a worldwide rallying point for greater public governance of corporate actions. While some countries are behind others in their zeal for environmental protection, the number of safe harbors are rapidly diminishing. Through international organizations like the United Nations and regional organizations like the European Community or even the U.S.-Canada free trade zone, the standards in one part of the world soon find their way to other areas.

Increasingly, the financial community -- the worldwide community of investors -- is bringing new pressure on corporate management for both bottom line financial performance and responsibility as a world citizen. Boards of directors are, increasingly, independent of operating management. Institutional investors are exercising a greater influence, through their very substantial share ownership, on day-to-day corporate policy.

And who would doubt the more intrusive role of the media in its reportage and commentary on business and industry. What happens to one company in one country is quickly disseminated to money market centers around the world. If nothing else, the media are unfailingly efficient in moving news.

What the press reports -- its substance and its tonality -- is almost always a major factor affecting public perception of a company. As an investment vehicle, as a responsible world citizen marketing a product, as an employer, as a neighbor. All impact public perception.

Last but certainly not least important among the new pressures on business are the activist groups whose interest range from protecting the environment to assuring animals the same rights as humans. Many of them, if not most, are sincere, dedicated, well-informed and, increasingly, well-financed. That company, that CEO, who does not take them seriously is making a mistake.

Public perception is, to some substantial degree, formed by the attitudes and actions of all these groups vis a vis a particular corporation or industry. And it's important because public perception translates into how securities are evaluated, whether or not customers buy products, whether or not a company is able to hire the best and the brightest.

Therefore:

This being the case, who else but the chief executive officer should have principal oversight for a company's public relations efforts.

Who else in the company has more at stake?

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