A new and strategic role for Corporate Communications has emerged that Boards have to consider

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1. Introduction

Advising the CEO and the executive committee on the strategic direction of the firm certainly is the noblest obligation of any Board of Directors. Yet, in today's «perma-crisis» or «poly-crises» environment with its various geostrategic, macro-economic, environmental, political, and regulatory facets, it is also the toughest one.

More than ever, the future viability of companies is determined by factors that far transcend their short-term success on the marketplace.

Why should today's Boards be composed of personalities with diverse professional and personal backgrounds, bringing to bear a broad variety of expertise and experience, if not out of this very need to navigate the fate of the corporation in a constantly shifting, multi-layered environment? Undoubtedly, ensuring an adequate degree of multi-perspectivity has become fundamental to situational awareness and assessment which, in turn, is needed to trace the path towards long-term prosperity.

In short, it is all about judgment – understood as the capability to perceive and process a wide variety of signals and to jointly distill from these signals judicious conclusions on opportunities and threats the company and its license to operate are faced with.

A field that, it appears, is more in flux today than it used to be in earlier decades. A case in point is the revived debate around globalization. For sure, we still live in a world so connected through the flows of information, goods and services that shocks and their ripple effects can be felt in faraway countries – just think 'Ukraine war and grain supply'. But fewer of the factors that help govern globalization and which we took as structural givens can still be considered as such – just think 'stable democracy in the United States'.

Stakes are higher than they used to be – while stakeholders' acceptance and trust are harder to gain and maintain.

Taking this diagnosis as a departure point leads us to a first conclusion: it is part of any Board of Directors' duty of care to hold executive committees accountable for the attention they pay to those corporate functions whose task it is to provide company leadership with insights and advice on stakeholder perspectives and help navigate the company and its license to operate through an ever more demanding societal environment. The function that springs to mind first here is Corporate Communications and Public Affairs, also called «Corporate Affairs» in some companies. It has always been part of its mission to observe and evaluate relevant stakeholders' views in order to anticipate whether a company position or action would resonate with audiences or, to the contrary, provoke resistance and challenge. But now, even more prominently, it is all about weaving the corporate narrative into the societal tapestry, highlighting its relevance and contribution.

Which provides us with first ingredients of a common understanding regarding the purpose and ambition of a contemporary Corporate Communications function. Its task is to influence key stakeholder groups – e.g., employees, clients, opinion leaders – to align with the company's strategic interests. We will have a look at the structurally determining factors of the public realm companies operate in in a moment. Yet, from the outset it is clear that this objective can only be achieved if communications is considered in its original, centuries-old sense – as a dialogic process that, however, today is conducted in a highly mediatic, moralized and politicized environment. Consequently, listening to and understanding the company's audiences is as important as conducting the outreach in a way that is in tune with their preferences.

Easy to grasp, then, that a modern Corporate Communications and Public Affairs function needs to be organized and equipped in an equally professional fashion as those geared towards product and financial performance.

It needs to:

- Have a thorough understanding of the company's strategic discourse and objectives – enabled through close proximity to and trust from the executive leadership team and the Board of Directors' Chairperson;

- observe and, ideally, survey and measure audiences' predispositions to gauge their receptiveness for the company's strategic intent;

- be methodologically up to date and excellent in terms of the outreach techniques it uses.

Yet, to this very day, not all communications departments have what it takes to overcome the convenient but narrow inside-out 'broadcast service' type of outlook.

Against this background, the intent of this essay is to:

- Outline the underlying changes in the larger environment of corporations that determine the possibilities and limitations of today's communications functions;

- propose some practical vantage points from which to assess the preparedness of a corporate communications department to face today's challenges;

- and finally, in broad strokes, describe some of the strategies which need to be applied to deal with this environment.

What we are not looking at here is communications of the Board, in particular the Chairperson. Board members enjoy the privilege of entrusting the representation of the Company to its executive committee members, in particular the Chief Executive. Accordingly, few are the occasions when the Chairperson becomes visible under normal circumstances: the Annual General Meeting speech; investor dialogues and roadshows; and when top executive position holders change. Very selective, high-profile media interviews or fireside chats, covering an appropriate set of strategic industry or macro-economic subjects, e.g., on occasions such as the Annual Meeting of the WEF in Davos, complement the public visibility of the Chairperson.

Beyond this, if the Chairperson must weigh in on current company affairs, we are most likely in crisis mode. If this occurs, the initial judgment of a situation or action was incorrect; signals have not been perceived and processed the way they should have.

2. Some key factors that drive a shifting environment

While it would be easy now to simply enumerate the various shocks the corporate world has undergone over the past, say, ten or twenty years, of which the return of war to Europe is only the latest, a closer look suggests that the root causes are deeper-reaching. Let me name a few.

a) Stakeholder expectations: while trust in institutions weakens, companies can still make a difference

It is not original to state that big corporations are under constant scrutiny, and that this scrutiny has grown over the past years. It is a phenomenon that can be observed globally – yet, even in a generally pro-business country like Switzerland, public policy initiatives with a critical predisposition vis-à-vis big corporations can garner voters' support («Konzernverantwortungsinitiative»).

Why is that? Already in 2016, Christine Lagarde, at that time Managing Director of the International Monetary Fund, offered a clear reasoning: «Putting it simply: growth has been too low for too long, and benefitting too few.»[1] The impression that the imbalance in the distribution of wealth within Western societies but also globally, comparing industrialized countries with the «Global South», has continued to grow, is exacerbated by a number of factors such as skyrocketing state debt since the Financial and Euro Crises, years of zero-interest on savings, and, most recently, inflation.

Additionally, top-of-mind worries such as war, inflation, food and energy shortages have further undermined the anyhow waning optimism. In most industrialized Western counties, less than one in three respondents thinks they and their families will be better off in five years. A drop of between six and 11 percentage points year-on-year, according to the 2023 edition of the Edelman Trust Barometer, a survey based on more than 32 000 interviews globally.[2]

1 Cf. imf.org/external/am/2016/speeches/pr02e.pdf

2 2023 Edelman Trust Barometer Global Report, see: www.edelman.com/trust/2023/trust-barometer

The advent of populism is the resulting political symptomatic. All of that is well known, no need to dwell on it here.

What it boils down to is a widespread loss in trust in the established order – of which big companies are considered to be an integral part. However, this is only one side of the coin.

Interestingly, if you look up the results at a more granular level, it turns out that companies are the most trusted institutions. More trusted than governments and media – and even more trusted than NGOs. The Edelman Trust Barometer results show that trust in business records considerable leads in trust compared to government: a three points lead in Germany, 11 points in Italy, and even 13 points in both the US and the UK.

An asset and an opportunity, but arguably also an obligation. Citizens, in doubt about the leadership qualities of their voted political leaders, look towards business leaders – particularly in global companies – to contribute constructively to addressing the fundamental challenges of society. Companies have a role to play. They are better placed than other institutions to show challenges can be constructively addressed. Which, in turn, provides them with the opportunity to demonstrate they are part of the solution rather than part of the problem – and to share this – through their Communications and Public Affairs work – with politicians and decision makers to create trust and more informed discourse at that level.

No doubt, in terms of communications, this environment requires careful navigation – but it would be harmful to both business and society as a whole if companies fell silent and ignored the expectation that is still that of a broad majority of civil society.

b) Getting politicized: why it is crucial to strike a wise balance between relevance and risk in polarized societies

Addressing societal issues is needed but has grown riskier in recent years. Let us pick climate change as a telling example. According to the Trust Barometer, 82 percent of respondents expect CEOs to take a stance and act on climate change; 53 percent globally expect companies to «do more» on climate change, whereas only eight percent of respondents say companies are overstepping their role.

This looks like a clear case and by now, most leading companies pursue net-zero 2050 plans. Yet, it isn't. The whole concept of ESG has come under massive fire, and most visibly its most advanced component in terms of measurable ambitions, namely the environmental element.

And yet, while these are meaningful steps to mitigate CO2 emissions, not everyone agrees. Particularly in the Unites States, some political actors regard integrating ESG criteria into corporate or investments strategies as hurting consumer and shareholder interests and fiduciary duties.

This is the new reality we are faced with: While these powerful legislator or regulatory actors incriminate companies' efforts to mitigate emissions as diverging from free-market orthodoxy, grassroots environmentalist movements accuse companies of greenwashing (sometimes literally, i.e. through legal action), and take to the streets with civil unrest-like campaigns to express frustration with what they consider too slow progress.

From a communications standpoint, this situation characterized by growing militancy on both ends of the spectrum puts corporate leadership into a very uncomfortable position. Whatever they do, they cannot expect to rally any unanimous or overwhelmingly large majority of stakeholders behind them.

Leadership teams need to carefully weigh and evaluate reputational versus legal and political risks. Benefitting from the aforementioned trust lead which companies enjoy versus other institutions requires a high degree of professionalism not only in both communications and public affairs. Just as important is to have and execute a clear reporting strategy, given sustainability is not about having an opinion – but about making a contribution.

Being well-intentioned has never been sufficient – but naivety by now is a material risk.

Company leaders need to define a strategic and well-reasoned pathway between the extremes – constructively and ambitiously addressing climate mitigation while avoiding activism and any claims that cannot be backed up by demonstrable progress. And then, stay the course.

c) More than ever, communications management reaches far beyond media relations – a brief look at the fundamentally changed media environment

The last aspect to briefly tackle is today's media environment. If companies need to weigh in on societal topics and yet have to do it in a risk-minimizing way, what media environment do they have to work with?

In previous decades, if we discussed media, we primarily meant renowned media brands – more likely than not thinking of opinion-leading broadsheet newspapers. And oftentimes, top executives' expectation vis-à-vis their communications teams was to somehow 'control' what was getting published. Even then, a misguided concept which was principally based on an 'us vs. them' logic.

Since those days, the whole ecosystem has undergone fundamental change – with technology being the main driver of this revolution.

- In the digital media realm, publications space (e.g., text length) is virtually unlimited, but attention spans are short. Century-old media brands compete with the latest app, the number of channels has skyrocketed. Everything depends on whether you 'cut through the noise'. The next content offer is only a swipe away. In short, it is a hyper-competitive space.

- Access is «democratized» (while this probably is a normatively too positive description) – anyone can publish their perspectives and mobilise others by holding companies accountable, instantly, agnostic of geography

- While established media brands still enjoy a higher degree of readers' and viewers' trust, entertainment or personal interest-based social media channels attract especially younger demographics. Instagram is a news channel, too. And even if it isn't, it distracts attention from more important questions.

- Text is supplemented or even replaced by video and audio formats which are easier to consume – but harder to produce.

- Media lifeblood, namely advertising revenue, is dependent on content performance. This means that journalistic articles need to earn their clicks against all the other offers out there. Social media has created a level playing field where potentially everyone can be a publisher and vie for attention.

- And performance is analysed, predictive models are put in place. With the effect that complex stories about unknown or remote subjects are less likely to be produced in the first place.

All of this results in a huge power shift from media producers to media consumers, helped by the hardly transparent inner workings of technology platforms. Editors-in-chief are if not replaced at least complemented by algorithms-in-chief which push some types of content while they deprioritize others.

Which, in turn, in most instances means a shift from «insightful» or «educative» to «entertaining» or «useful» content. To grapple with the new environment, publishing houses have invested in tech and data but let go editorial staff. Consequently, journalistic industry expertise in editorial teams has severely diminished – and with that, the analytical depth and the breadth of what is published. Reports about individual companies have become scarcer and more superficial. A very recent in-depth analysis run by the University of Zurich corroborates this diagnostic.[3]

3. Interim summary: where does this leave us?

In summary, this means for companies that:

- Solid quarterly figures will not earn them coverage anymore.

- Coming back to the beginning, they need to have a textured understanding of the prevailing narratives and discouourse underway in society and among decision makers to be able to address key issues of our times, navigate the environment, and provide relevant viewpoints that protect and enhance their reputation.

- They cannot rely on established media as distribution mechanism but need to be digital media-savvy themselves and master distribution techniques.

- The capability to produce captivating and relevant content inhouse and to push it out to readers is key.

- In short, in a dis-intermediated media world, they are well-advised to consider themselves as publishing houses and maintain a set of well-curated «owned» channels. «Owned» is equally if not more important than «earned» (i.e. coverage in classical media) – all the more as «owned» content determines what is «shared». Content that is shared is already nobilitated by the fact that «someone like me» read it and found it interesting before the content found me.

- The trackability of digital interactions – i.e., how users pick up or not on company content and campaigns – offers huge potential for companies. This holds true in particular with regard to marketing communications. The old joke saying that «half of advertising spend is wasted, you just don't know which half» is outdated. Creating a coherent ecosystem consisting of email marketing, social media channels, and the corporate website can prove to be a highly powerful tool for producing qualified leads.

Summing up, today's environment calls for an integrated communications management across channels and regions. Technology requires – but also facilitates – constant development and improvement. A contemporary corporate communications function is a learning function, constantly refining its approaches and techniques.

3 The latest Zurich University study sheds light on this phenomenon (study results in German) – see https://www.foeg.uzh.ch/de/News2/2023/Studie-Unternehmensberichterstattung.html

4. Assessing the preparedness of a Corporate Communications department

To enable a company to cope with and even thrive in the environment we have now walked through together, the Corporate Communications function needs itself to be enabled: through a professional leadership team, an appropriately sized FTE and financial budget, and a direct reporting line into the Executive Committee.

Consequently, the first strategic check Boards need to conduct regards the role and position of the Corporate Communications department within the company.

Does it have voice and visibility, or is it simply considered as a back-office service? Is it measured by fulfilling strategic objectives, or is it assessed merely on internal stakeholder «satisfaction» with its services?

If the latter is the case and it is positioned as a mere service function, with no own strategic contribution expected, this must be considered a red flag. Because most likely, neither it is equipped to deal with the complex environment; and even if it were, these capabilities are not used to the benefit of the company.

To apply their duty of care, Boards need to ask: are the Corporate Communications leadership and team credibly enabled to navigate the three key factors mentioned above: a) understand stakeholder expectations, b) master the heightened risk environment, and c) operate mindful of the strong impact of technology and muster the capabilities needed to build a strong and established presence for the company in the digital media environment?

In other words, Communications must be positioned as a full-blown strategic management function. It needs a seat at the table (with the table being that of the Executive Committee), being part of the overarching conversation. Only then can it act as the external stakeholders' advocate, serve as early warning system, and be an integral part of any strategic or transformational initiative. Only if properly set up and equipped can it shape and execute initiatives and run processes that create value.

To define this value-add more concretely, we come back to the main task for any Corporate Communications function: to safeguard or, ideally, achieve deliberate alignment between the company's strategic intent and those societal actors who hold power over the company's license to operate

- Facilitating business transformation – i.e., build consensus and support around the company's change trajectory;

- Safeguarding and building the company's reputation with the wider realm of societal decision makers – regulatory, public policy figures, industry observers, and opinion leading media (the latter, nota bene, not being stakeholders in the proper sense); and

- supporting the company's commercial success through lead generation and, ultimately, conversion.

Besides the initially mentioned overall positioning of the Corporate Communications function within the company, clarity about its purpose and envisaged stakeholder impact provides cues for Boards to double check the communications' leadership's own understanding of its mission.

Do they convincingly articulate what their contribution is supposed to be? (Of course, nuances apply from company to company, as this essay can only put forward a general view.) Have they created the right organizational set-up and are they nurturing the right set of capabilities to deliver on the mission? Do their targets and plans reflect what they are supposed to achieve with measurable, timed goals and objectives?

In summary, the image of a Corporate Communications department in line with today's strategic imperatives has little in common with the old-school «press» department. The capabilities needed nowadays are much more specialized, and so are the technological means needed to conduct and measure the success of the outreach.

5. A few enabling strategies

Finally, let us have a look at some crucial capabilities – communications capabilities that are needed to serve the company well and to ensure continuous development of the function. Many of the points below can hardly be achieved in a single year. They require longer-term efforts.

Let us have a look at them along the whole value chain of communications – from analysis to impact.

- It is an interesting phenomenon that most communications teams are much better equipped to speak than to listen. Obviously, the associated risk is not to be cognizant of shifts in attitudes and to distribute content that does not correspond to what stakeholders are interested in – be it in terms of topics covered, tonality and focus, or in terms of formats and channels. To verify the audience understanding, listening, and monitoring capabilities, therefore, is crucial. Annual surveys, be it employee surveys or external reputation surveys, are barely enough to provide strategic guidance regarding audiences' attitudes and usage habits. The caveat that applies here, however, is that larger stakeholder surveys are expensive and require advanced methodological understanding. The same applies for comprehensive media and social media monitoring and analysis. But even if an audience understanding survey – for price reasons – cannot cover all relevant geographies or has to make do with relatively small sample sizes, interesting insights are guaranteed; insights that advance the understanding of stakeholders expectations, help guide budgeting and facilitate decisions about which activities to start, continue, and stop.

- Based on sound insights, planning is the next step. An annual planning process still is the most common approach – and it is still a healthy one. Even if plans (and goal setting) are adapted throughout the year, «agility» does not obliterate the duty to have a clear understanding of the department's objectives. Also, without planning, how should budgets be reasonably allocated? How should goals be formulated and complemented with measurable targets? Thus, not keeping the crucial next steps embedded in the annual plan top of mind while adapting and coping with emerging necessities, enables the communications leadership team to progress multi-year projects (e.g., building its digital eco-system) while it keeps adapting to the emerging needs of the company. – Closely monitoring the achievement of the associated targets is a key capability we will only mention here in passing. Analysing the success of what has been published on an ongoing basis will provide communications teams with vital input on what to keep, and what to do differently next time.

- The company's brand is an essential asset. Every few years, brand expression deserves to be thoroughly reviewed. E.g.,does it still «work» in the global context, and is the brand expression designed to be in line with today's digital-first approach? Does the brand have a distinctive look and feel? Or does the branding look better on paper than when used on video? As mentioned, not a year-round topic – yet a bi-annual check point makes sense to decide if and where a refresh is needed.

- Whether internally or externally, owned channels provide companies with direct access to stakeholders – without the need to pass classical «gate keepers», i.e. journalists. Reach on big social media channels can easily outnumber that of classical news media, in particular if you consider trade media who oftentimes have only five-digit readership. And while we can safely assume that all companies run websites and branded social media channels, the interplay between these channels – for instance, attracting traffic to the company's website through social media outreach – and to create a true eco-system of digital channels that allow the orchestration of multi-channel campaigns takes digital communications to a more advanced level. Communications departments should master the interaction of paid, owned, and shared content, to augment their impact. Overcoming silos between marketing, social media, and content producing teams is a first but always easy to achieve prerequisite here. Worth noting also that much of what applies to e.g. client communications also applies to talent communications. Employer branding therefore is an adjacent activity where many of the same techniques need to be mastered to attract talent and make them submit their applications to the company.

- The final check to be mentioned here is all about «content» – a noun that has become commonplace to designate written text, video or audio offered to stakeholders. One suspects that it has also become so popular because of the multiplication of channels and the void that needs to be filled. Equally popular is the phrase «compelling content». While it is unspecific about what «content» actually means, it should be relevant and enticing for audiences to look at it and react or «engage» with it. The logical consequence is that Corporate Communications leadership must place great emphasis on the capacity to create such «compelling content». The facet of risk management – safe sign-off protocols and legal checks – must be a given in its production process.

6. And why all this? A final thought on the contribution of corporate communications in today's environment

Throughout this essay, we have noted expectations and opportunities associated for companies who enter the arena of societal discourse.

We have mentioned that companies and their license to operate is under constant scrutiny – and that they are operating on a level playing field with innumerable sources, individual, corporate, or political; media's influence has decreased, access to stakeholders has become largely dis-intermediated through technology. Relating back to the findings of the Edelman Trust Barometer, we have reminded ourselves of how audiences expect companies to chime in on key societal challenges – all the more as companies are the most trusted institution.

Counting some of the most brilliant researchers and engineers, strategists and innovators amongst their ranks, taking a long-term view to generate the long-term returns their investors want from them, defining and advancing their own net-zero 2050 plans, being sensitive to risk and cognizant of geopolitical differences, many of today's global companies are to be counted amongst the most advanced players in the business of problem-solving. They have a role to play – to win or lose the trust people place in them.

Against this background, while recognizing that corporate communications by definition are biased towards the company's strategic agenda, a new role for corporate communications emerges: namely, to inject fact-based reasoning and viewpoints into an arena of discourse.

Voices that are advocating problem-solving strategies are more needed than ever. Make sure they are heard.