

Corporate affairs – a transformational function

Report from the Corporate Affairs Academy 2016

Introduction

This report is the third that we have produced from the Corporate Affairs Academy (CAA) programme at Saïd Business School (see below). It is a distillation of a number of discussions and presentations, including personal case studies, that took place during this year's programme. While common themes have arisen among the corporate affairs (CA) leaders who have taken part in the programme over the past three years, this report illustrates the evolution of the function even in that time: "Corporate affairs – a transformational function" captures how CA is developing capabilities to add value to modern corporations in new ways. The best practice illustrated here shows both an understanding of the aims and workings of business, and the potential of the latest approaches and tools to facilitate engagement, interconnectedness and productivity.

Corporate Affairs Academy

The CAA, run by the Oxford University Centre for Corporate Reputation in conjunction with Executive Education at Saïd Business School, and in partnership with Teneo Blue Rubicon, comprises two one-and-a-half-day sessions of presentations and discussion. These provide a forum for CA leaders to consider ways to develop both the effectiveness of the function and their own capabilities, with the help of leading practitioners in CA, the media and the investment community.

For more information, see: www.sbs.ox.ac.uk/programmes/execed/caa/programme-outline.

The CAA reports for 2014 and 2015 are available for download at www.sbs.oxford.edu/caareport2014 and www.sbs.oxford.edu/caareport2015.

Executive summary

If CA is to realise its potential as a truly transformational and value-adding function within companies, it must develop and leverage new tools and expertise: helping to create engaged, responsive organisations that understand, anticipate and fulfil the expectations of their stakeholders. It must expand its role, reposition itself within companies, reorganise its own operations and structures, and focus on developing its capabilities. In this way it can enable firms to prioritise relevant goals, and achieve them.

1. The role of the function

The old model of CA as a communications function, as simply a repository of “soft” skills, a self-contained conduit to the world outside a firm, whose primary role is to make that connection when the organisation feels the need to say something – or to manage the response to negative events – is truly finished. Engagement is now always-on, multi-channel and multi-level, and managing stakeholder expectations and understanding has become more central than ever to firms achieving their goals. Reputational and other risks have to be understood in advance and in detail as never before, planned for when devising strategies, and the function has to properly master the means of enhanced, 21st century engagement.

2. The structure of the function

The new breadth of the role has profound implications for the way in which CA is organised, and where the function is positioned within firms. Understanding the best way to foster common goals within the organisation is the starting point for devising a new, more embedded function that can sit alongside different departments and foster joined-up thinking and consistency. The roles of those within the CA function can be made more effective by partnership and “hybridisation” with other departments.

3. Building on capabilities

To exploit the new opportunities of the enhanced role, CA has to focus on developing a new skillset: from developing business skills that give CA leaders the credibility to contribute at all levels and within every specialism, to identifying and fashioning the narratives within firms that can be leveraged for supporting the core aims, and understanding how these work in a post-digital, post-social media world. There is a pressing need for training, and there are major implications for recruitment to the new kinds of role within CA, both in terms of developing broader capability, and in mastering the specific tools to perform effectively.

Focal points for CA leaders

1. Reputation should appear on the performance indicators of companies, and it should feature in assessments and incentives of leaders: it is an asset, not simply something to protect, but something that can add value.
2. Corporations have multiple reputations. Identifying which reputations matter to which stakeholders, and measuring the impact of a firm’s actions on those, should be prioritised.
3. CA leaders should consider the best ways to reorganise the function within their firm to make the most positive impact, to make it fit it for the 21st century context and align it to the goals of the business:
 - a) Define the scope and aims of the function, and position it accordingly, centrally and locally;
 - b) Appoint the right people for the new requirements, and consider drawing on talent from less traditionally CA areas with different expertise;
 - c) Apply resources to where impact is greatest, avoiding waste and duplication of effort.

1. The role of the CA function

As corporations become more exposed to stakeholder scrutiny and reaction, and as the pace of change accelerates, the range of responsibilities of CA, and the potential of its contribution in partnership with other functions across firms increases considerably.

1.1 CA must build its own business case, defining its mission in terms that connect with the business.

“[Colleagues] are not thinking in terms of effective or ineffective, they’re just thinking, how does this help my business? Could I sell [X] better because these things happened?”

“I don’t think it is acceptable any more for us to sit in comms and say, ‘We’re comms experts. You guys worry about the business, just explain to us how it works.’ There has to be a really deep-seated understanding of how that business operates that then brings with it the credibility to sit in a strategy meeting [or] board meeting.”

1.2 As one of the most widely connected functions, CA is well positioned to define, influence, transform and measure desirable changes to organisational cultures.

“It has to be a corporate affairs opportunity, the purpose and culture question, because it doesn’t sit anywhere else.”

“We have cultures, we don’t have a single culture.”

“I was new in the job so I could afford to say: ‘I don’t owe anyone any favours within the division, I report to the CEO.’ So I’m exploiting this to actually effect a massive cultural change.”

“HR and communications sat together and came up with these as [our] beliefs... it’s a much stronger focus on our customers, it’s trying to move much faster by learning while we deliver. It’s a lot less emphasis on performance and more on developing.”

1.3 New tools and approaches have been and are being developed to foster the right culture – both bottom-up and top-down – and relate it to business aims.

“We have an app [with which] you can send a colleague [messages such as], ‘You know, you could be a bit more effective to this company if you consider doing...’ It could be your subordinate, it could be your boss.”

1.4 Understanding and communicating both the risk of bad and the value of positive reputations within the business is a key role for CA leaders.

“When you’re a monopoly utility, and your fortunes rise or sink with macro-economic growth, you really need marketing. So there’s always been a natural affinity to reputation management, but without knowing that we were doing it.”

“The problem is that our leaders haven’t thought about [corporate affairs] as anything other than a sort of pick-me-up, or a protective mechanism when things go wrong. They haven’t invested or understood what it can do on the upside.”

1.5 Corporations have to learn to live with risk, and move from “risk averse” to “risk aware”, using the antennae of CA to help navigate a more complex landscape.

“Part of my success as a communicator has been being a little bit risk-averse, analysing stuff, making sure we’re making the right decision, not exposing the company. But today, I have to be thinking about what kind of calculated risk I can take.”

“What we’re picking up from policy audiences/ journalists/other stakeholders is that there is a risk or an opportunity that the rest of the business might not yet have identified. And it’s part of what we do that very few other parts of a company can do.”

“Value to me is something didn’t go wrong, because we identified it and the business intervened.”

- 1.6 CA needs to explain the difference between a firm's brand (which the firm owns) and its different reputations (which are "owned" by others), identify where they are most valuable, and share that knowledge within the business.

"I remember having conversations with people and they were saying, 'So you need to build the brand', and I was thinking, 'We need to build a reputation.' It wasn't necessarily understood by the business."

- 1.7 Ensuring consistency across myriad communication channels is a powerful driver for improved results.

"We simply have to... send the same message to all the different markets in the same voice."

"Businesses now I think do really well by responding and reflecting not just what they do outside, but integrating the outside into their decisions about what they are inside as well."

- 1.8 In an increasingly fluid corporate world, CA has an important role in managing the relationship between brand identity and stakeholder perceptions as companies evolve from different entities.

"We never actually defined what [our company name] means. We've never actually maximised the fact that we had these other legacy brands that continue to roll in their local markets and are very relevant to certain stakeholders. So we need to understand them and we need to manage them."

2. Structure of the function

The challenge of how to connect CA to the different strands of an organisation – and to help those strands connect to each other – has prompted a rethink in how it is possible to design the function: the balance between centralised and localised, and a move from generalist communications to "hybridising" within specific areas of the business.

- 2.1 Overcoming entrenched perceptions of traditional roles is essential for repurposing the CA function.

"We're going to collapse [the internal and external focus] into corporate communications."

"When I joined, there was a hierarchy... and an unwillingness to work [outside your area]: if you were media relations you wouldn't touch internal communications; and you would do investor relations because they seemed to be closer to the board. I tried to change the role: 'You're all corporate communications managers, you each just happen to have different responsibilities.'"

"We've got people with 10-20 year tenures. They've never actually experienced what marketing and communications can be outside the organisation, what could be best practice or just different experiences."

- 2.2 CA can maximise effectiveness by being directly positioned within other local business areas, and "hybridising" with other functions.

"If we're going to focus on the customers, then we have to make the whole global framework drive local relevance, because at the end of the day we're only going to win in individual markets."

"How can we get people to not just think about their local setting, but be very focused on the customers as well? My suggestion was focus them on their country or region and then give them a business that's most active in that country to manage."

"Before, you had global communicators sitting off somewhere and deciding what to do to support the business. Now we have our people locally taking care of the business and working with the local business leaders."

"I couldn't get money from the local business leaders to do stuff, because they don't know what they're getting out of it. But now I can put people to work with them to figure out what they want to do, deliver those projects and they can assess it. Now I can get money from them."

- 2.3 The problem of duplication of effort across different functions, and subsequent danger of “distortion” of message and purpose, can be addressed in CA’s re-structuring.

“We had communicators leading all of [our] different businesses individually, working out of the US [HQ], and managing communications globally. In some countries we had people that were basically just driving whatever message comes from HQ. And then we had people responsible for communications [and] culture separately.”

“The marketing department came from commercial; internal communications came from HR, media relations always reported to the CEO, but this is where it gets entertaining...in commercial, 0.3 of a person does internal communications, in banking operations 0.8 of a person does internal communication and another person is doing it for recruitment purposes.”

“Through the research base you’re actually able to create a strategy with clear business outcomes and provide the business leadership with good insights into what people are seeing, thinking and feeling regularly.”

- 2.4 CA leaders need to be equipped to contribute at board level (see also 3. CAPABILITIES, below) and ensure that reputational concerns, with implications such as longer term time frames, are represented.

“The executive leadership are increasingly expecting the leader of this function to be a business leader first and a corporate affairs communications leader second; to have a fundamental understanding of the business model, the operating model, the context in which the business is taking decisions.”

“[Question]How do I get traction with the exco or the board on what I’m trying to do? [Answer] Where in what you’re planning to give them do they recognise where you’re going to help their particular challenge?”

- 2.5 Reorganising different functions that impact on messaging – in terms of policy, process and goals – can ensure alignment and improve performance.

“We joined up our communications, our brand and our external affairs. This year we developed a new communications policy. We put together new processes for message development, for campaign planning.”

“We have a series of country reputation plans that are all driven from the centre... we review those twice a year to join them all up to make sure that the messages, the processes are all aligned. That then supports the business in terms of communication with governments, other communities etc..”

“The team take all the research that we’ve got from a number of different markets, plus all the internal research. That then forms the functional plan [and] goes out as a brief to the VPs of communications and external affairs. They develop their plans, we review them.”

- 2.6 One tool that can aid root and branch reorganisation, and reduce fragmentation, is zero-based budgeting. This holds a mirror to the function throughout the firm, and in tandem with activity mapping, can provide a structure for improvement.

“I was exploiting the ZBB to effect a massive cultural change and a complete reorganisation of the division... [it] will allow me to implement what the marketing review has [identified] within a year, rather than two or three years.”

3. Capabilities

While communications is still central to the role of CA, the function should be able to display a more rounded understanding of business and make meaningful contributions to strategic planning. There are new digital tools to master, and an absolute requirement for expertise with social media. All this has implications for who is best for which role, where to source them from, how to deploy them, and how to train them.

- 3.1 Understanding how the company works, and putting that across, talking the language of the business not just of CA, is key.

“There has to be a really deep-seated understanding of how that business operates [which] brings with it the credibility to sit in a strategy meeting or an operational meeting, or the board meeting.”

“Before [there] was a discipline focus: media relations, culture communications... But now [for example] even though we have a culture communications manager, her role is really to work on the strategy.”

“[CA is] expected to have the fundamental management skills that any other business manager would have: people management, change management, project management, programme management, budget management - so that they can integrate reputation and their function into management processes.”

- 3.2 The established role of CA as an early warning system is more vital than ever, with businesses exposed on so many fronts. Through enhanced understanding of areas such as data analysis, such a role can be greatly developed.

“Being strategic, data-focused, is something that our clients are wanting to have more of. It’s not the intuitive ‘it feels like this to me’, but ‘data shows us this trend is happening’.”

“Having some measurements in place, having that tracking going on, you’re hearing about what’s coming up.”

- 3.3 It is time to reorientate and reskill CA teams to a digital mediascape.

“I’m trying to get my team to think digital, because I have people who are very focused on press releases, and talking to ‘Tier 1’ media... But most people find information by googling something and it doesn’t matter whether it’s the *Financial Times*.”

- 3.4 Who best fits the evolving roles within CA has implications for recruitment and training.

“An increase in candidates who’ve got legal training of some sort is quite interesting... working with the regulatory team quite closely, working with your general council - those are really key relationships and we’ve learnt a lot by just doing that.”

- 3.5 CA should be generating content, not just aggregating it.

“For me corporate affairs and corporate comms is... the DNA of the organisation, the reputation of the organisation, the sense of the soul, the voice, the tone.”

“Content is anything that helps to tell a story... the story that you want to tell rather than have anyone else tell it for you.”

“Even for somebody as technophobic as myself, it’s actually a lot easier to create content than you might think.”

“We think there is an opportunity for growth of traffic and community size on several digital platforms... there is the possibility to talk directly to huge audiences, there is the possibility to disintermediate and jump ahead of traditional media, there is the possibility to have your own audience, that knows you, that follows you through normal times and then can be very useful, for example in time of crisis.”

“A lot of the work put into explaining what you do is externally focused. And actually doing that internal set of presentations is often not on the agenda. If you put it on the agenda, that does link you into the business.”

- 3.6 CA's role of content generator and curator has implications for blending marketing, advertising and PR, and working in tandem with them.

"We want to actually tell the stories ourselves, not just through conditional media. So we're looking at things like developing our own news sites, our own content that we push through our own channels."

"We are trying to develop a corporate narrative... and position [the company] more as changemakers and innovators rather than the slightly yesteryear of just a collection of channel brands."

- 3.7 Framing the message in the right way is essential for meaningful engagement, and also provides a means to stand out in a crowded field. Interactivity and metrics measuring impact enhance that effort.

"If you want to build that audience you have to give them some original content that is fascinating, that is also authentic."

"We're increasingly trying to think about how we tailor our content. A lot of people on mobile consume content without the sound up, for example on the train. Subtitles or captions help to tell the story so that your mobile content is reaching your audience's needs on that platform."

"In Africa, people tend to consume information in a very literal way. So a lot of stuff gets lost when you try to make it over-sophisticated."

"The content you choose isn't always about [just] what you want to put out there... it also has to align with what they want to hear from you, or what [the public is] going to engage with."

- 3.8 Creating the "shop window" for the company's identity – internally and externally – is a powerful tool for recruitment, retention, and engagement.

"If you get it right, your content doesn't just recruit fans for your products, it also recruits the right employee talent that you want in your company."

"CSR is proving to be a very valuable asset when we recruit talent. They don't just want to know about the benefits package, they want to know what kind of company are you, and how you can begin to try and bring your company values to life? So on our Facebook and Twitter feeds, we've made a lot of noise around pictures from our volunteer day."

"The intranet is the place to do something interesting with your own stories... it's been really exciting to see employees wake up and understand that we want to hear from them. We don't just want it to be management talk."

- 3.9 Multiple external channels provide the opportunity to create a more rounded identity.

"We have created [X] as a platform where we are covering stories about energy at 360 degrees, not just on the activities that we do, but also on many things which we won't do ever... because we want to be seen as somebody that has something to say in a meaningful way on the energy business in general."

- 3.10 The "harvesting" of content generated from within a company has related benefits for the organisation, fostering self-esteem and productive relationships, and tapping a fresh resource.

"We feel that to tell [our] corporate story, potentially all our employees can be our ambassadors."

"We have tried to create an inter-functions team, which is our editorial board... a content team of people that usually don't talk to each other. When you start this kind of collaboration, it's easier to get them involved if you have some kind of a crisis that you want to deal with."

- 3.11 CA must have the skills to embrace the data challenge, and understand how to use data to examine and test long-held assumptions, and understand what underpins relationships with, and within, the firm.

"We want to get data on what [our followers'] experience is with the company in order to measure our reputation."

“[We have created] the reputational lounge: big screens with a live feed on all the data available about – I would say – our reputation. The more we build our content strategy, in a way that is creating a sizeable audience, the more data we have.”

- 3.12 Technology tools offer ways to test resilience. CA has to spread expertise with technology, such as social media, throughout the company to match the pace of communication.

“We have tested this in a disaster simulation that we’ve done... with a team of young people on Facebook. They killed us. In a couple of hours we were in a total reputational disaster.”

“We are trying to find another way of giving power to the Twitter or company profile [e.g.] for the CEO of the organisation to send out messages even before you have completed the usual process for the press release. Because otherwise we think that you’re getting behind in any kind of crisis.”

- 3.13 CA must nurture the right kind of rounded talent within the function and throughout the organisation. This applies both to specific task-oriented training, and learning different approaches that address the need for left brain/right brain capability.

“The era of the pure specialist in comms is pretty much drawing to a close.”

“How comms will operate in five-to-10 years’ time is going to be radically different, which means that you need people who are much more comfortable with... matrix working, looser structures, less hierarchy.”

- 3.14 Hybridisation with other departments (see 2.2) has implications for how performance is measured, and the people who are best suited for these new redefined functions.

“There’s a whole framework to measure things like [KPIs on learning and delivery] and we’re using them for recruitment. Now when we hire people, we want to make sure that they think in this way and this is for all of [the company], not just communications. We don’t do ratings any more. Now you give people feedback based on these things.”

“I think the future and now is the hybrid individual. I think the media/policy twinning is the most perfect combination at the moment given the regulatory changes going on.”

“Rather than just people with financial acumen and customer focus, which is very important for us, we also need people who can take risks, because we’re trying to navigate in an uncertain world, with lean resources. [We] need people who can solve problems and navigate complexity.”

“People moving from government understand power of influence, they understand the long game, negotiation...”

“You’ve got to keep on investing in people because that is the only way that you’re going to build the reputation of your function.”

- 3.15 There are vast amounts of data already being generated within companies that are a potentially valuable resource that is being overlooked, or used for only limited purposes.

“HR used to do employee satisfaction survey every year. It was about 100 questions, it produced volumes of data, of huge importance. Nothing ever happened with it.”

- 3.16 Reputation metrics can be factored into incentive structures, to embed them in the DNA of companies.

“We retooled our performance and reward. Part of our reward mechanism actually includes reputation.”

3.17 CA can develop and assess what are the important elements in building and rebuilding trust, choose the right focus, benchmarking against competitors, and measuring progress.

“Externally we focused on four measures: favourability, because we had a lot of favourability data from previous years; trust – we actually have a sort of trust index; net advocacy (‘On a five-point scale, would you speak up in support of [us] or actively speak out against?’); and net optimism, [a measure of] confidence in the company.”

“Net advocacy is a really interesting metric: more people would speak out in our favour than would speak out against us, so we get a positive advocacy score... [but] when people are hearing about [us], they have a better opinion of [us], but when they don’t hear about [us] it goes straight back [bad].”

“There’s a huge amount of data generated from the employee survey that we do. We generate about 90 reports down into the businesses. We sit with compliance, and our safety and operational risk functional compadres and HR, and we review those at a business level with the business leaders and we look at action planning that comes out of each of those.”

3.18 Data is only as good as the process used to evaluate it. Different functions use different lenses to assess it, and fragmentation in that process is counter-productive.

“We found a few years ago [that] too many people were looking through different windows at this stuff: a client team looking at it one way, employee relations team in HR looking at it another way, safety and risk guys looking at it another way. Then we’d look at it from an engagement bent. We now try and have a uniform functional view of what the data’s telling us.”

3.19 Robust data gives visibility to the key questions that CA is dealing with, and places them at the centre of the conversation within companies.

“[We have] 12 questions which are aggregated up around safety and risk, around rebuilding trust and around growing value for the organisation. So we’ve had to report on this for a number of years; it goes into the annual report as a KPI.”

3.20 Joined-up data across functions has the potential to reveal the underpinnings of performance and highlight the added value of such initiatives.

“[We have joined] our pulse survey methodology with our HR data, which means that we can start to look over the next couple of years at how do we link engagement, to the sentiment, to performance.”

“Where we’re going next year is to actually take our reputation data, look at it in the context of planning and then start to talk about when we make capital decisions.”

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