Fundamentals of Corporate Communication
Creating value

• Financial value and stakeholder support are intertwined

• Profitability enables corporates to advertise, act philanthropically, citizen-like

• Reinforcing loop thru’ which communication, recognition, endorsement and support create equity and financial value
Tools of corporate communication

1. Application of visual identity systems
2. Use of integrated marketing communication
3. Reliance on coordinating teams
4. Adoption of a centralized planning system
Corporate Image, Identity
Definitions

**Corporate image** = impression created by “how you look, what you say and what you do”

**Corporate identity** = the visual system for controlling how you look

**Social intervention** = say the right thing and do the right thing. Building into the community around you
Advantages of Corporate Image to the public

- They are more likely to assume good quality products
- More likely to pay for it’s products and buy their new products
- More likely to consider the company’s stock a good investment
Factors affecting corp. image

- Size of business (conglomerate or backyard operation)
- Nature of business (electronics, lawyers, undertakers)
- Employees and sales staff (pleasant or unpleasant)
- Labour relations (excellent or poor)
- Premises
- Action of competitors (no competition or strong)
- Service (slow or fast)
- Corporate logo (well known or not)
- Advertising (none, frequently, easily recognised)
Application of visual identity systems
Corporate identity system

Reputations evolve from the images that organisations develop in each of the four domains:

- Product domain
- Social domain
- Financial domain
- Employment domain

(See p 43 V & F)
Corporate Personality

• The overall policy will determine how the organization wants to be seen; behave; communicate etc.

• The corporate “tone” of communication must be appropriate and consistent.
Linking communication & reputation to business

V & F (p. 60) presents a framework for strategic thinking around the ‘business’ and ‘communication’ side to organisations and how they complement each other.
Implementing a corporate identity programme

- Foundation:
  - Background and activities
  - Long range plans
  - The image to be projected
  - The audiences to be addressed
  - The lines of communication within the company are to be re-examined

- 2nd phase: design and conceptual work
  - Company name, trade mark, logo/signature, colours

- 3rd phase: draw up a manual specifying how all visual items are to be used

- 4th phase: implementation.
  - The staff must be briefed and standards need to be maintained.
Financial performance

The business cycle

Corporate strategy

Business activities

The communication cycle

Supportive behaviour towards company

Corporate communication

Corporate reputation

Linking communication and reputation to the business
Creating identity & identification

- **Internal dialogue** – management and employees. How do they see the company. What are the core components? = “constructed identity”

- **Expression of identity** – internal & external

- **Generating stakeholder identification**

- **Evaluating identity & identification**
Cohort personality is "the manifestation of the company's self-perception" (Birkigt and Stadler, 1988). The identity-mix can therefore be seen as the outer expression of the company, and crystallizes the unique personality of the organization. In this way, "corporate image" consists of the interpretations stakeholders make about the company. Figure 3.1 illustrates the relationship between corporate identity and corporate image.

Figure 3.1  Influence of identity mix on corporate image

*Source:* Birkigt and Stadler (1986)
What are the limitations of this model?

- It overlooks the role of specific contexts.
- It assumes that image is an end in itself.
- It does not distinguish between Static and dynamic identity elements.
Criteria for describing corp. identity

• Centrality

• Continuity

• Uniqueness

BUT what can YOU say about these??????
Reputation Management
Doorley & Garcia (2006: p. 4 -25)

• Definition: Reputation = Sum of images
  = (performance and behaviour) + communication

• Benefits – performance, profitability, market value and rep. capital, brand equity, media visibility

• Reputational capital – what, why? Proactive. P 270

• Quantifiable approach: can you measure reputation?
Identity types: 4 approaches for assessing organizational/corp. identity prog’s

- Projected identity
- Perceived identity
- Applied identity
- Desired identity
- Actual identity
What about multiple or hybrid identities?

Please read V & F Ch 3, pp. 73 – 74

Eg Daimler-Benz and Chrysler
Initially German vs American identification

Strategies to address “fragmented identities”

• Compartmentalisation
• Deletion
• Integration
• Aggregation

Find your own examples and write a page on this.
Linking identity and identification

Identity

Process of discovery

Constructed identity

Process of internal expression

Employee identification

Process of external expression

Stakeholder identification
Identity approach to corporate communication: 5-step process to identity management

Step 1: Develop Projected Identity
Examine Continuity, Centrality, Distinctiveness

Step 2: Analyze Identity
Desired (by top management)
Perceived (by employees)

Step 3: Gap Analysis

Step 4: Choose identity mix and further steps

Step 5: Close the gaps

Figure 3.6 The process of identity management
You can’t Xerox a Xerox on a Xerox.

But we don’t mind at all if you copy a copy on a Xerox copier.
In fact, we prefer it. Because the Xerox trademark should only identify products made by us. Like Xerox copiers and Xerox printing systems.
As a trademark, the term Xerox should always be used as an adjective, followed by a noun. And it’s never used as a verb.

XEROX is a trademark of XEROX Corporation.

Of course, helping us protect our trademark also helps you. Because you’ll continue to get what you’re actually asking for.
And not an inferior copy.

XEROX
The Document Company

FIGURE 20-9 Too “household” a name. Xerox was one company with the rare problem of a brand name that became so well known, it became a generic name for “copying.”
Organising Corporate Communication

How should a company structure its comm. function in order to implement reputation management?

1. Comm. **Strategy** in line with bus. Strategy

2. Leadership must be part of **management**

3. Comm. Must be treated as a creator of **value** (measured, accounted for and credited)

4. It must be a **holistic** approach.
• **Marketing synergies** – exploiting cross-selling opportunities

• **Production synergies** – enhanced internal comm. To decrease costs across bus. Units

All this implies

✓ Centralization

✓ Coordination of separate functions

✓ Developing a reputation platform

✓ Dev. Integrated solutions
Building a strategic communication function

It is important to distinguish between communication as a “professional function” and the ongoing communications that are part of everyday activities in the company. We are concerned here with the professional communication function itself (Grunig and Grunig, 1998; Grunig, 1992; van Ruler and de Lange, 1995). The routine daily activities of the communication function include writing press releases, organizing press conferences, maintaining relationships with key stakeholder groups, organizing investor calls, writing speeches and creating corporate presentations for top managers to deliver, fundraising, managing trade shows, preparing institutional advertising, monitoring public opinion. Table 11.1 summarizes the key operational and strategic tasks that communication managers carry out in each of the five main specialty areas described in Chapter 8. Communication activities in each specialty area have a rich tradition and knowledge base of their own, and follow a long list of normative guidelines. There is a canon of accepted principles for producing annual reports, for running analyst calls, for handling media. The role of the senior officers of the communication function largely consists of ensuring, however, that they are grounded in a common denominator – the reputation platform and corporate story of the organization (Fombrun and van Riel, 2004).

Cranfield distinguishes between different phases in the “production” of a communication message: research, planning, coordination, administration, and finally the production. He also names a few other issues: community participation and advisory activities. Kitchen (1997) distinguishes between five roles in the communication function:

- **Communication technician** a strong operational role that produces concrete communication messages;
- **Expert prescriber** often an external consultant who helps determine the strategic course of action;
- **Facilitator** intermediary role of a communication manager;
- **Bridge-builder** who can match people inside and outside the organization;
- **Problem-solving facilitator** active solving of communication problems at strategic level.

A former head of corporate communications for major multinationals, Peter Knoers (2001) confirms these five roles, but also sees a more strategic role for the communication function in steering corporate communication policy. He explicitly points to the constant tug of war required to get attention for

<table>
<thead>
<tr>
<th>Function</th>
<th>Execution</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor relations</td>
<td>Creating press releases, organizing roadshows, webcasts</td>
<td>Planning the long-term direction concerning the style the organization chooses and how to engage in IR communication (in terms of contents, channels, and frequency)</td>
</tr>
<tr>
<td>Internal communication</td>
<td>Intranet, House style, Corporate presentations</td>
<td>Determining measurable norms that can be used to determine the degree of success</td>
</tr>
<tr>
<td>Marketing communication</td>
<td>Preparing print and AV material, Preparing and supporting trade shows, Briefing ad-agencies, Organizing media placements, Sponsoring and fundraising</td>
<td>Planning the long-term direction concerning the positioning of the various PMCs related to the positioning of the corporate brand</td>
</tr>
<tr>
<td>Public affairs</td>
<td>Informal discussion with governments, Writing speeches, Counseling top management (commissioning) research</td>
<td>Determining, who is to do this within the organization, Determining measurable norms that can be used to determine the degree of success</td>
</tr>
</tbody>
</table>
communication themes at the strategic level. Another role he recognizes is as a private consultant to senior managers, acting almost like "corporate therapists" in listening to top managers and injecting appropriate comments that help them put things into perspective. Though seldom specified in job descriptions, these roles may be among the more important and rewarded activities of the communication function and its leadership.

In Table 11.2, we draw on van Ruler (2003) to contrast four dominant models for managing the communication function. Each model recognizes a more or less strategic role for the function. For the company as a whole, it is important to clarify the expectations held of the communication function. Only when expectations are clarified can we actually measure whether the communication function is delivering true economic value to the company.

In practice, the communication function is organized in many different ways across companies. In most cases, however, internal communication, investor relations, public affairs, and issues management are generally grouped together into a single staff function, whereas marketing communication is almost always embedded within business units and treated as a line function. In essence, the difference between line and staff managers can be described colloquially as the difference between "giving orders" and "giving advice". It suggests that the job of the communication function in most companies is primarily to advise and support line managers in the business units. This calls for a service orientation to staffing the communication function.

In most strategically oriented companies we have encountered, we have found that the head of the communication function almost always reports directly to the CEO. Reporting to the head of corporate communication are generally the specialists from media relations, internal communication, public affairs, and investor relations. To be effective, physical proximity to the CEO is also a useful integration mechanism. Business units in these large companies also generally have strong communication functions designed to cater to business-level stakeholders, further exacerbating the fragmentation problem.

Figure 11.1 diagrams the typical structure of a communication function.

<table>
<thead>
<tr>
<th>Model</th>
<th>Information model</th>
<th>Persuasion model</th>
<th>Intermediary model</th>
<th>Reflective model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
<td>Adequate spread of information</td>
<td>Adequate profiling of plans/decisions</td>
<td>Adequate support of the decision-making</td>
<td>Internal reflection on frames in the organizational openness</td>
</tr>
<tr>
<td>Focus</td>
<td>Announcing decisions</td>
<td>Persuade target audiences</td>
<td>Interaction between stakeholders and management</td>
<td>Monitoring and analysis of frames</td>
</tr>
<tr>
<td>Intervention strategy</td>
<td>Produce means</td>
<td>Control over all communication</td>
<td>Control of the dialogue in the strategic decision-making</td>
<td>Strategic advice for adequate response on the frames found</td>
</tr>
<tr>
<td>Specialist's key tactic</td>
<td>Recognition/media attention</td>
<td>Image of audiences</td>
<td>Trust of stakeholders</td>
<td>Public legitimacy</td>
</tr>
</tbody>
</table>

Figure 11.1 The structure of the typical communication function.
Marketing communication is the only specialty communication function that falls outside the staff roles and typically gets treated as a line function. The ideal location for such a function depends in part on the nature and scope of the tasks the function is expected to fulfill.

Contributing to value creation

Communicators frequently bemoan their inability in making a "business case" for what they do, and in particular for reputation management (Fombrun and van Riel, 2004). This has been the holy grail of the communication function for some time – but has also proven elusive for the denizens of most staff functions, including corporate foundations, departments of community affairs, human resources, corporate libraries, and even of marketing and technology departments. Each one is increasingly tasked with creating a "business case" for itself to justify its budgets.

The business case for corporate communication is the same business case one would make for reputation management. It consists of three components. First, communication affects the operating performance of a company, and so its profitability. Second, profitability affects market perceptions of the company's future prospects – and so influences a company's market value. Third, the company's operating activities themselves contribute to building "reputation capital" – a shadow asset whose value encompasses the equity hidden in both a company's product brands and corporate brand, and that describes the positive regard in which it is held by all of the company's stakeholders (Fombrun and van Riel, 2004).

A study of 125 US manufacturing businesses compared the relative effects of industry structure, competitive strategy, and company-specific differences (Bharadwaj, 1995). The results confirmed the powerful effects of reputation on operating results. Factors associated with the industry's overall structure accounted for only a small percentage of observed variation in business performance. Competitive strategy variables such as product quality and sales force expenditures were not statistically significant in explaining variance in business performance, but company "market share" was. Finally, of all the company-specific variables, reputation, and brand equity of the business unit were found to be the best predictors of variation in business unit performance. Good reputation and high levels of brand equity come from effective corporate communication.

The higher levels of operating performance that result from having a good reputation virtually guarantee that a company will receive favorable endorsements from stakeholders and the media. As we described in Chapter 10, an early analysis of the Fortune AMAC ratings showed that reputational ratings are heavily influenced by a company's size, advertising, operating performance, market value, and media visibility – thereby confirming the idea that a company's operating performance, market value, and strategic behavior are heavily intertwined (Fombrun and Shanley, 1990).

The relationship is described in Figure 11.2 as the "Reputation Value Cycle". It illustrates how financial value and stakeholder support are dynamically intertwined: endorsements build value, and enable a company to expense funds on corporate activities such as advertising, philanthropy, and citizenship that generate media endorsements, attract investors, and add financial value. The net effect is a reinforcing loop through which communication, recognition, endorsement, and supportive behaviors from stakeholders create equity and financial value.

![Figure 11.2 The reputation value cycle](image)

A number of empirical studies have documented the fact that reputation and market value are intertwined:

Research at the University of Virginia found a strong relationship between Fortune's measure of corporate reputation and the market values of those companies in the years 1984 through 1996 (Brown and Perry, 1997).
Fostering competitiveness

1. Pursuit of lost-cost strategy

2. Pursuit of differentiation strategy