

Corporate Public Affairs

by

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A. Introduction

I appreciate the kind invitation of the Australia Centre for Corporate Public Affairs to kick off your annual public affairs roundtable.

In the short time I have been in Australia, I have come to respect the Centre's tremendous contribution to advancing public affairs professionalism –

- expanding the knowledge base,
- transferring skills,
- spreading best practices

So I am pleased to be here tonight to share my views on the art and science of business communications and corporate public affairs – including concepts, strategies, and tools for dealing with stakeholder communications.

You have asked me to talk about these issues from a Telstra perspective. I am pleased to do that because the public policy, regulatory and communications challenges facing Telstra are huge. Just to provide some perspective, consider the following data on news coverage over the past 12 months:

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- 107,000 articles on Telstra
- 49,000 articles on Qantas, the second most covered company
- 8,000 articles on Optus, the next highest telco.²

Working at Telstra these past 17 months has provided an opportunity to explore new approaches and tools to advance our business communications mission – which is simple:

- Convert **consumers into customers**
- Convert **employees into advocates**
- Convert **shareholders into activists**

Business communications is more important than ever – and a major reason this is true is the expanded role of government. The expanded role of government in the last century means that **every business is affected by the actions of government** – and many are materially affected. For that reason, **the business leader cannot be agnostic in his view of the role of government in society**, which creates yet another venue where business communications perspectives and skills are needed.

Indeed in my industry, the telecommunications business, it may be of interest to note that Alfred Chandler always used to say that **the first really professional PR job was performed at AT&T under Theodore Vail after WWI**, when issues arose about regulating the Bell System. According to Chandler, Vail organised the PR function so as to structure the political dimensions of the regulatory debate, and particularly, to unify and crystallize the "argument" around his slogan of "One Policy, One System, Universal Service".

Uniquely for the time, **the PR function at AT&T included an array of tools and channels** that involved not merely advertising and traditional lobbying, but direct mailing, organising local support groups, and using Bell System employees to explain the issues in community centres, local government, local radio and so.

Some observers note this was the first time such a systematic approach had been used by a large business enterprise and its success made the Bell System a leader in professionalising business communications.³

² Data from Media Monitors.

³ I am indebted to Henry Ergas, chairman of CRA in Canberra, for reminding me of this point and for providing comments and suggestions on an earlier version of these remarks..

That said, **let me share with you my views of the job we all are trying to do** – a job that includes messenger, spear carrier, scout, advocate, advisor, coach, choreographer, strategist, crisis manager, wordsmith, packager, and story-teller – especially story telling because we know – from Jesus to James Michener – that **a good story beats a good PowerPoint any day**. Put another way, we all have a job that has changed a lot over the past 25 years...and will change a lot more in the next 25.

B. Changing Role of the Business Communicator

The **role of the “business communicator” changed dramatically** during the 20th century.

1. **The original “PR guy” was a publicist.** His or her job was to spread interest in and promote a favourable picture of a company, association, brand, or person – usually the CEO.
2. As time went on, he was **often referred to as a “flak” or “flak catcher”** – a term used to refer to criticism or abuse, as in “we sure caught a lot of flak today” or “don’t give me any flak” or to refer, in the words of Tom Wolfe in *Radical Chic and Mau-Mauing the Flakcatchers*, to “...an arduous process of warding off, out-manoeuvring, beating down.”⁴
3. After years of getting beat up, **the PR guy tried increasingly to get on the front foot – giving birth to the “spin meister.”** That meant “spinning” stories in real time to put the story or event or person in the best possible light, a pre-emptive strike to try to prevent the bad news. In fact, in many media markets around the world, you now find “spin rooms” where the journos and the spin meisters meet following a political debate or a product launch just to make sure everyone is on the same wave length.
4. **Then things started to change.** Consumerism. Feminism and the civil rights movement. Environmentalism. The corporate social responsibility movement. The shareholder rights movement. The expansion of regulation by government at every level. Re-

⁴ Cited by James B. Flateau in his discussion of the etymology of the word “flak” – one root of which is linked eponymously to Gene Flack, a well-known publicist from the 1930s, and the other root of which is connected to the German word for anti-aircraft fire, an acronym from *fliegerabwehrkanone*. This history is found on the net under “The Mavens’ Word of the Day” at www.randomhouse.com/wotd/.

engineering, re-structuring, and de-layering in response to new digital technologies and what the experts call “disintermediation.”

Downsizing and rightsizing – where the term used depends on which side of the pink slip you find yourself. And, of course, corporate crises and disasters – from Bhopal and the Exxon Valdez to Tylenol and Chernoble...and most recently, Rupert Murdoch’s decision to pull the planned publication of the O.J. Simpson book, entitled, *If I Did It* – widely viewed as a tasteless and exploitative confession of a murder where he was found “not guilty” by a California jury 10 years ago.

5. **Within the span of a decade – beginning in the mid-1960s -- the political, social, and operating environment of the corporate executive became much more complex** and much less pliable – a nice way of saying there were more non-market forces at work, including political landmines and cultural time bombs as well as other players who were often more hostile, less forgiving and more public.
6. At this point, **the business of public relations began to change**. When recruiting “the PR guy” the CEO increasingly wanted to be involved. He was no longer looking for a flak.
7. **The call by CEOs is increasingly for a trusted advisor**, someone who can:
 - a) identify and provide trusted advice on **issues that require attention by senior management** as well as the operating units;
 - b) provide a **narrative on emerging trends and issues** to inform the business planning process of challenges, opportunities and an assessment of risks;
 - c) generate **forecasts of political, regulatory, and social trends** for senior management and sometimes even the Board.
 - d) **participate in strategic planning** for the corporation; and
 - e) serve on the corporate planning committee to **advise on their sensitivity to emerging issues** or the agendas and timetables of other community influentials;
8. The CEO also wanted someone who could **advocate the company’s position** and explain the vision, purpose, and objectives of the CEO and senior leadership team – a **S’plainer man** (or woman). ⁵

⁵ As the corporate environment changed, as the external environment became more complex, as technology and other forces drove internal change, the CEO needed a new kind of person with substantive knowledge, strategic expertise and broad communications skill sets to help the executive

9. And the new business communicator comes **armed with much more than the news release. The S'plainer man also uses:**
- a) **the case study** that shows a situation, solution and results to demonstrate how a customer has improved his or her life using your products or services.
 - b) **the White Paper** that presents a problem, an analysis, and a result to make the case for a company vision, strategy, product, or position.
 - c) **the op-ed** and other by-lined articles that contain facts and data and an opinion about an issue of importance to the company.
10. But it is **not just a matter of tools**. The new business communicator has many **new channels through which to communicate to stakeholders**. We have to remember that communications is about:
- Who
 - Says what
 - To Whom
 - Through what channels
 - At what cost
 - With what effects.⁶
11. As shown in **Appendix A**, one of the important issues we need to consider is the interplay between **control over message** and **audience selectivity** – where the news release loses on both counts. The news release is mediated through a journalist (low control) and you have no idea who reads the news report or commentary (low audience selectivity).
12. That's why business communications must give **more attention to the new media**. **New channels of communications** provide much

leadership navigate the shoals of the new business environment. Enter the communications team headed by the trusted advisor and s'plainer man.

⁶ This is modified from Harold Lasswell's widely-used communication model that asks, "Who says what to whom with what effect?" I have added "at what cost" because the digital revolution that is the foundation for so many new or "alternative" media has greatly reduced the costs associated with the distribution or dissemination of messages. Harold D. Lasswell and Abraham Kaplan. *Power and Society: A Framework for Political Inquiry*. New Haven: Yale University Press, 1950; Daniel Lerner and Harold D. Lasswell. *The Policy Sciences: Recent Developments in Scope and Method*. Stanford: Stanford University Press, 1951. Or see Werner Severin and James Tankard. *Communications Theories*. New York, Longman (4th edition), 1997.

more than new opportunities to communicate.⁷ New media give us more ability to **advance our message** and **target our audience**. These include:

a) Talk-back radio

b) Internet

- email
- webcasting
- podcasting
- mobcasting
- alternative web sites

c) Instant messaging

d) Virtual organizations of grassroots supporters

2. **Consider the Internet.** The Internet is useful because it permits us to transmit more timely, more high-fidelity messages. The Internet is important because it **allows organisations to communicate far more directly**, at more levels and at greater and more varying depths, with more control over the message than provided by traditional channels.

a) In addition, the Internet **generates metrics** about who visits your site and the attributes of the visitors – and who downloads what information. So even if you can't select the audience, **you can know who selected you.**

b) The result: **We are all now publishers and broadcasters** because the Internet now allows a multiplicity of new forms of publishing and broadcasting, providing outlets that are of growing significance to many of the publics on which we depend. It is an asset we need to learn how to use.

C. Changing Organization

2. By the latter part of the 20th century, the number of **professionals concerned with non-market forces that operate on the corporation expanded greatly.**

3. **The public relations/communications team now includes a broad range of functions** – including some combination of public relations,

⁷ It should be noted that communications channels tend to complement, rather than replace, each other. The Internet, for example, does not displace news media; it simply provides a new channel that is not mediated by journalists. Put another way, an advantage of the Internet is that it gives organizations more control over messages and channels because organizations can and do run their own web-sites.

media relations, government affairs, community relations (including the company foundation and sponsorships), stakeholder relations (including relations with industry associations, shareholders, and interest groups), internal corporate communications, international (media, public affairs, risk assessment), corporate social responsibility – and with the arrival of new media, perhaps even responsibility for the company web site and the Internet.

4. As the business of communications – both internal and external – became even more important to shareholders with the expansion of non-market liabilities, **reporting relationships changed**. For example, the corporate head of business communications:⁸
 - a) increasingly reports to the CEO,
 - b) sits on the senior executive team
 - c) participates in corporate policy making, and
 - d) increasingly sits as an observer of Board meetings.

Summary. In general, the new business communicator is **in on the take-off and not just the landings in the process of corporate policy making**.⁹ The point is this: Changes in the external environment inevitably affect the distribution of influence inside a corporation or any other organization. Examples:

- the influence of the **finance team** increased dramatically at the beginning of the last century when capital formation was the issue;
- the influence of the **legal team** expanded in the 1930s when the skills of negotiation were in high demand with the expansion of government contracting, the emergence of larger organizations, unionisation, and increasing M&A activity that was part and parcel of consolidation;
- the influence of the **marketing team** expanded in the 1950s as corporations around the world emphasized sales and marketing to sell into the pent-up demand from WW II and the great increase in per capita income in many nations around the world,

⁸ This function goes by many descriptions: Public Policy and Communications; Corporate Affairs and Strategy; Corporate Affairs and Human Resources; Public and Consumer Affairs; Regulatory and Public Affairs; Public Affairs and Corporate Marketing; Corporate Affairs; etc.

⁹ Surveys in the US and Australia show that, in both countries, about half (50%) the top communications officers report directly to the CEO – and the likelihood increases with the increasing size of the company.

- the final 25 years of the past century saw the rise of the **communications team** and the **CIO/information systems team** as information in all forms and through all channels became more important;¹⁰ and
- we are now witnessing renewed emphasis on the **human resources team**. Reason: **Talent is increasingly the coin of the realm**. Indeed, the need to find, nurture and retain talent is an increasingly important challenge for businesses in the developed world where fertility rates are dangerously low and educational institutions are not keeping up with the demand for new skills – and the skills that do exist are often globally mobile.

That's where we've come from. I include this only to provide a context for what I want to address next – and that is **how and why the modern advisor or s'plainer man goes about his business**.

D. The CEO and Agenda-setting

1. More than ever, **the agenda for the business communicator comes from the CEO** and the leadership team. The advisor and the s'plainer man cannot freelance.
2. Because of the central role of the CEO as the “idea person” in the business, it is very important for the business communicator to be able to **get inside the head of the CEO** – and the leadership team, for that matter.
3. **CEOs come in many sizes and shapes** – the commander, the architect, the coordinator, the coach, the premise-setter and judge, and the traffic cop.
4. One thing is for certain: **The days of the celebrity CEO are over**. Today's successful CEO today is more likely to be a **work horse than a show horse**. Result: **the challenge for the business communicator is to amplify and make interesting the work that is being done inside** the company and what it means for customers and shareholders.

¹⁰ This way of thinking about the skill sets of dominant elites emerges from the study of developmental constructs. On these points, see Philip M. Burgess and James A. Robinson, "The Rise of the Problem-Solver State," in Sarane Boocock and E.O. Schild (eds.). *Simulation Games in Learning Behavior*, Beverly Hills: Sage Publishing Company, 1968.

5. In the words of **Jim Collins**, the author of the best-selling book called *From Good to Great*, most **effective CEOs are hedgehogs, not foxes or celebrity CEOs**.
6. Hedgehogs, according to Collins, are leaders who “**know how to simplify a complex world into a single, organising idea**...[one who engages] an iterative process of **piercing questions, vigorous debate, resolute action, and autopsies without blame** – a cycle repeated over and over by the right people, infused with the brutal facts, and [driven by the passion to be best in the world, to nurture the economic engine, and to attract deeply passionate people].”
7. **Hedgehogs tell the truth.** If disclosure is constrained by legal, ethical or proprietary considerations, then they say nothing.
8. **Hedgehogs stick to their knitting**, adding value and making the business work for customers and shareholders.

E. Strategies

There are many strategies. I want to address some ways we can think about our challenges and the strategies we can use in business communications challenges. Here are some ways of thinking that I find useful.

1. **The inside-out, action-is-character strategy.** This involves amplifying the activities and achievements of your leadership team in pursuing the consumer, shareholder, employee, and community-related objectives of the CEO and his leadership team.
2. **The change-the-conversation strategy.** This involves recognizing the cul-de-sac for what it is -- a dead end – and the need to enlarge the arena of dialogue or, sometimes, the arena of conflict.
3. **The change-the-process strategy.** This approach gives credence to the overwhelming evidence from many sources that the decision process affects decision outcomes. This lesson is found in studies of comparative politics at the macro level to micro level studies from game theory and the art of negotiation. This approach tries to shape a decision process with participants and rules where you have a chance to win and, if you are losing, to act to change the process or the participants – or both.

4. The **use-leverage-where-you-can-find-it strategy**. This involves understanding the dimensions that define any relationship – interpersonal as well as inter-institutional – and the understanding that many interpersonal and most inter-institutional relations are fundamentally *political* relationships. They are political because they typically involve an effort by one or both to gain more *power* or ability to influence the course of events as a product or by-product of the relationship.

F. Public Relations and the Management of Political Relationships

1. **There are four important dimensions that define a political relationship**. They are listed below along with the way they might be scored shown in parentheses. These are:
 - a) issue position: to what extent do participants agree (or disagree) -- (-10 to +10)
 - b) affect: to what extent do the participants like (or dislike) each other (-10 to +10)
 - c) power: to what extent can an actor make something happen (0 to +10)
 - d) salience: awareness of the importance of the issue to a participant (0 to +10)
5. This list spotlights one of the most important points for those in the public relations business: The point is that **salience** – the importance of an issue among markets, constituencies or the general public – **is the only factor in the political matrix that can be changed over the short term**.
6. **Salience can be changed by increasing people's awareness of issues that are important to them** – issues that may have escaped their attention or otherwise don't show up on their radar screen. One of the objectives of effective public relations is to put important issues on the radar screens of those who care about the issues (or take them off or blur their image on the radar screen when salience works against you)..
7. **The other three elements that define an political relationship cannot be easily changed over the short term**. For example,

- a) Leaders don't change their issue-positions readily – unless it's a new issue not yet fully understood, where new information can make a big difference.
- b) You can't change whether leaders like and trust each other or not (affect) over the short term. Changes in affect can be achieved but change takes time and is best facilitated by contact in non-business situations.
- c) The power position of a leader or institution -- its influence or ability to make things happen or to get someone to do something they wouldn't otherwise do -- is hard to change in the short term. You can increase or decrease your own power or the power of others, but augmenting or limiting your own power or that of others usually takes time.

8. **Result: The only short-term strategy available to those who would change the course of events in a free society is to increase or decrease the salience of an issue** – and the model above, when fleshed out, will tell you when to turn the dials.

G. Public Relations and the Management of Controversy

1. The **use of controversy as a strategy to clarify ideas and the character of people**. It's not just the well-known idea that you have to break eggs to get an omelette. I like to think about it this way:
 - **Thomas Aquinas** wrote that “Civilization is constituted by conversation – that is, by argument.”
 - However, **G.K. Chesterton** reminded us that arguing is not the same as quarrelling. According to Chesterton, “The principal objection to a quarrel is that it interrupts an argument.”
 - Theologian **Michael Novak** says civilized people treat each other as reasonable – and they argue with one another. Barbarians club each other, as if values are mere “preferences” – and reason is nowhere to be found.
2. So when people disagree, **we should welcome argument**, and if the other side doesn't want to engage, well, that tells us something too.

H. Public Relations and the Use of Language

1. Business communicators have a lot to learn from political communications. Perhaps most importantly are the issues of “**framing**” and “**fencing**” that have been widely used in the US and well documented by linguist George Lakoff.¹¹ Lakoff writes persuasively about the need for communicators to be disciplined in
 - **defining ideas,**
 - carefully **choosing the language** used to present them, and
 - **building an infrastructure to communicate** them.
2. One of the biggest challenges of the business communicator is the rising above and translating the language used by business leaders. **The abstract and analytical language of the business leader does not connect with most people. The problem is made worse by the rise of “PowerPoint speak.”** In fact, today we have an entire generation of middle managers and the PR people who support them who have lost their ability to write a clear sentence.
3. What we need, first and foremost, is more **PowerPoint-free zones**, where people write what they mean and do what they say.
4. We also need to **use of kitchen-table English to unmask those who would shut out the little guy.** Highly regulated businesses face a formidable problem of communications because too often – in the US, Europe and other advanced countries – the **lawyers, economists, and other “experts” and “specialists” surround their decisions with a specialized language or regulatory jargon that is impenetrable by the ordinary person.** Why is this done?
5. The literature on the history of the professions shows clearly: **Jargon and specialized language are used to keep the discussion hermetically sealed,** to deny access to the conversation, to keep the outsiders out and maintain the debate as an insiders game to be played out in the back rooms under the radar and beyond the scrutiny of shareholders, consumers, and the public.
6. **However, when the life savings of millions of shareholders are at stake, the business communicator has a responsibility to break through the gobbledygook** so they can participate in the decisions

¹¹ Lakoff is the author of the influential book, *Moral Politics: How Liberals and Conservatives Think*, (2002). He is also the author of *Women, Fire, and Dangerous Things: What Categories Reveal About The Mind* (1987) and *Metaphors We Live By* (1980) [with Mark Johnson].

that are being made about their savings and their net worth. As the poet Y.B. Yeats said, "...communicate in the language of the people."¹² To my way of thinking, that means to tell stories.¹³

Conclusion. Clearly, the strategies and approaches we can use to advance public understanding of our business leaders and their issues number in the hundreds. When we segment the public into consumers, institutional investors, mum and dad shareholders, special interest groups, suppliers, community influentials, and other stakeholders, we have to use messages they care about and press them through channels they value.

The important point is that our job has changed as the challenges faced by business institutions, their customers and shareholders have changed.

In my own company, **the regulatory threat to our financial performance and the share value of more than 1.6 million shareholders is real.** We need to use all the skill and resources available to widen the arena of discussion, to bring all the stakeholders into the debate, to rip away the regulatory jargon of economists and lawyers and the biz babble of the communications industry so that people can actually see what others want to do with their savings and investment.

Then, having done our job, let the chips fall where they may.

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¹² The challenge, however, is to talk straight and to use sound bites in a ways that do not trivialise the issues. If we are to have a conversation, it must be a real one that deals with ideas as well as facts and data. There is a serious responsibility associated with translating complexities into terms that are also understandable and actionable. But that is our challenge and we should not shrink from it.

¹³ I have written several op-ed columns on the importance of story-telling in communications. For example, see Philip M. Burgess, "Stories Refuel Culture," (November 25, 1997) and "Family Tales Tell Us Who We Are," (November 21, 1995) in the *Rocky Mountain News* (Denver, Colorado) and Scripps Howard News Service.

Appendix A

Approaches to Communication

Direct (high control)	Audience Selectivity (higher)
1. Site visits by CEO, GMDs, BOD	Employees, Customers, Suppliers, Shareholders
2. Analysts Briefings	Analysts
3. Media Briefings	Media
4. Political Briefings	Elected leaders, public officials
5. Employee Forums by CEO, GMDs	Employees, News media
6. Customer Seminars	Customers
7. Shareholder Seminars	Shareholders
8. Vendor Forums	Vendors
9. Media Forums	Media
10. Web Site Postings	Stakeholders, ¹⁴ General public, opinion leaders
In-Between (moderate control)	Audience Selectivity (lower)
11. Direct Mail	Targeted stakeholders
12. Employee Communications ¹⁵	Employees, media
13. Feature stories in print media	General public, opinion leaders
14. Interview w/ print media	General public, opinion leaders
15. Interview w/ talk-back radio	General public, opinion leaders
16. Newspaper ads	Stakeholders, general public, opinion leaders
17. Trade media	Stakeholders
Mediated (low control)	Audience Selectivity (lowest)
18. News releases: print & electronic media	General public, opinion leaders
19. Television news	General public, opinion leaders
20. Radio news	General public, opinion leaders

¹⁴ Employees, Customers, Suppliers, Shareholders, Peak Organizations, etc.

¹⁵ Includes e-mails, company newsletters, magazines, etc.