

Corporate Public Affairs

Ultimate accountability for the corporate brand must rest with the CEO but in many organisations, there are debates about the management responsibilities for these activities, including turf wars between marketing and public affairs. Centre Chairman Geoff Allen discusses the interaction between brand management, marketing and the public affairs function and provides an overview of current practice in some high profile firms.

Brand management and public affairs: a review of current practice

Corporate branding means different things to different people: it can mean to some a narrow set of marketing outcomes or can be seen as the views of a wide group of stakeholders consumers, investors, peer and partner companies, media and employees – a feature that allows them to choose one company over another.

It normally includes:

- Name and visual identity;
- Mission or values statement explaining what the brand stands for and promises that it will keep;
- Encompasses:
 - visuals,
 - personal experience (customer relations, community engagement, corporate behaviour and integrity, investment return etc),
 - workplace environment,
 - quality/reliability/price/service,
 - what others say.
- It is often seen as the total experience people have of an organisation and academics argue about the language between brand and reputation.

The language around concepts of brand, positioning and reputation is ambiguous and causes confusion. At one end of the continuum there is product branding and product positioning which reflects perceptions of

quality, price, relationship to consumer demographic and consumer profile, and so on.

In this context 'brands' are normally managed at a product or business unit level, and for consumer non-durable companies like Unilever, in relation to the general public, (though not in relation to governments, the graduate recruitment market, and the investment community) there is no brand except those of its products.

At the other end is the concept of overall organisation positioning or reputation which can influence the

behaviour of consumers, but speaks about the organisation as a whole, and to a multiplicity of stakeholders beyond customers. Where the corporate brand is clearly identified with products or services, quite strong empirical links have been established between these overarching corporate brand/positioning/reputation factors and the purchasing behaviour of customers. They attribute characteristics to the brand that assist the buying decision such as integrity, reliability, trust, and in the case of some valued community-owned enterprises like Australia Post, some sense of personal ownership and national pride.

As noted in previous Centre newsletters, the Fombrun research at New York University suggests overall corporate reputation – the characteristics people attribute to

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companies – have a number of different dimensions; most common are:

- Products and services;
- Emotional appeal;
- Vision and leadership;
- Financial performance
- Workplace environment; and
- Social responsibility/integrity.

These perceived characteristics speak to other stakeholders beyond consumers. They collectively have the potential to make the firm an employer of choice for workers, a business associate of choice, a supplier of choice, be trusted by those who provide financial resources, have interest groups focus elsewhere, and not least provide legitimacy and trust to ensure the optimum regulatory environment.

Various stakeholders will focus on different attributes, but no one set of attributes are likely to form a stakeholder view in isolation.

Given the multifaceted nature of brand attributes, it is apparent any element within the organisation has the capacity to influence perceptions of the organisation's brand. Corporate brand/reputation/positioning can only be built slowly over time, but can be seriously damaged in an instant by the perceived activities of any of a wide range of executives. Therefore its stewardship must be a wide accountability. But it is also so broad in concept it can be seen as a key responsibility of the CEO.

Organisational issues

Where the CEO turns for support in this key area of responsibility depends on a range of factors, and has been the subject of conflict, sometimes debilitating, particularly between public affairs/corporate communications executives on the one hand, and marketing executives who see their skill set as more appropriate on the other.

Both streams are skilled in communications with marketing traditionally stronger in advertising and visual identity and public affairs stronger in overall reputation management, media, and strategic positioning with non-market stakeholders. Public relations is seen as a part of the marketing mix, when it is focused on products with consumers as the target and some aspects of public relations skill-set are oriented to marketing communications. But the more comprehensive skill set of public relations is normally found within public affairs departments, particularly as it applies to

promotion of the organisation overall.

Sponsorship is managed in a variety of ways across different organisations. Again the more it is associated with a product or specific business unit market, or the more it facilitates sales relationships, the more likely it is to be run by marketing. Conversely the more it is focused on community relationship building, non-market stakeholder relations, and overall corporate reputation, the more it is likely to reside within public affairs.

A number of companies have split the sponsorship activity along these lines – product and sales related marketing, e.g. to business unit marketing departments, and broader corporate reputation building – to public affairs. There are dangers here, however including positioning inconsistency, duplication of resources, cannibalisation of promotional activities, and confusion with external sponsorship partners.

Where these problems exist or are potential, they can only be mitigated or avoided by either active co-ordination or clear and well understood demarcation with the closest possible co-operation.

At the corporate level different marketing and public affairs orientations can throw up significant differences in language and nuance and as indicated there is no consistent perspective across companies or, in many cases, within them.

In situations like the financial services and utilities where the corporate and product brand is normally indistinguishable there is a strong imperative to manage the brand and reputation strategies in the closest possible collaboration. A number of both marketing and public affairs executives in these circumstances who were consulted asserted that, at the corporate level, public affairs and corporate marketing is managed either together or in this deep co-operative mode.

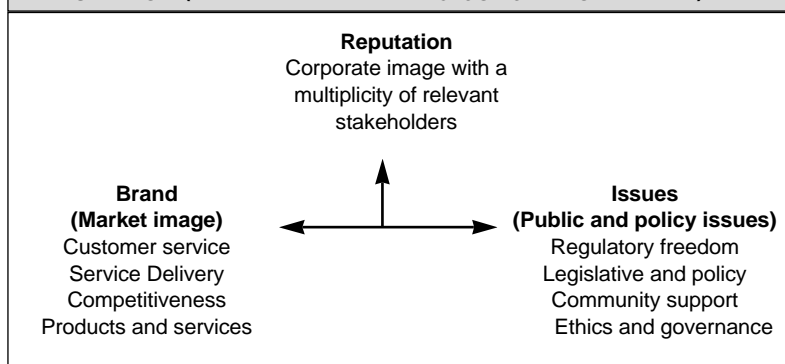
Even where 'brand' is seen as a product or service market issue and 'reputation' is seen as an issue pertaining to multiple stakeholders, an alignment of these strands is seen as critical, particularly given the way in which the management of issues (public affairs) can affect brand and reputation. The alignment of brands issues and reputation can be seen as in Figure 1.

To examine current practice in major high profile firms, ten companies were interviewed.

These were:

- Well known brands;
- Organisations with a close identity between brands and retail products (e.g. financial services);

FIGURE 1: ALIGNMENT OF BRAND AND ISSUES EXPERIENCES = REPUTATION (WITH THE MARKETING CONCEPT OF BRAND)



- Organisations with decentralised business units, but operating within a reasonably cohesive business stream (i.e. not conglomerates of disparate business activities).

COMPANY 1 FINANCIAL SERVICES

Recent developments

Until recently overall sponsorship, reputation management and corporate relations were managed in public affairs, however visual brand and corporate advertising were managed by a specialist marketing manager in the Australian retail division of the company.

Now all brand management (look, logo and corporate advertising) has been transferred to corporate public affairs. There is no corporate level marketing function. Marketing is undertaken at the business unit level. Most sponsorship and community relations activities are organised through public affairs, however, business units have some sales and product related sponsorships. These are managed by business unit marketing with corporate public affairs support (e.g. consultancy advice, act as negotiators and sometimes as sub-contractors for the business unit). Corporate public affairs provides a co-ordinating role to ensure consistency with overall corporate positioning and to avoid overlapping activities etc.

Rationale

This initiative to bring physical aspects of brand and corporate advertising under the public affairs function was based on:

- removal from retail because of the broadening and internationalisation of the company to give corporate brand and sponsorship a "higher order and more international focus".
- the perceived need to develop a more integrated

approach because of the blurring of stakeholding between customers, regulators, employees, interest groups, investors and business associates in a company where corporate brand and product are perceived together.

- the felt need to integrate brand and reputation management with issues management "and a more balanced approach to various stakeholders".

COMPANY 2 FINANCIAL SERVICES

Recent developments

Over the past decade this company has been through several significant organisational changes, some coinciding with changes of the senior management team.

For some time all brand and corporate marketing, look and logo, and corporate advertising functions were within public affairs. Some corporate marketing specialisation existed within the central public affairs team. The Australian retail business unit had its own marketing team focusing particularly on product promotion, and answerable to centralised public affairs for consistency in look and conformity with overall standards and policy.

Following a senior management change a new national manager was appointed with a marketing background to manage both public affairs and corporate marketing. In a reversal, public affairs was effectively subsumed into marketing. Retail marketing had a dotted line reporting relationship with hard line to the retail management team. The central function supported other business units on product promotion issues as requested.

After a short period product marketing returned to the retail business, and corporate marketing, identity, brand and reputation effectively placed back as a subordinate function in public affairs.

Rationale

Following the expenditure by marketing on expensive brand campaigns, senior management felt a disconnect between the image/brand characteristics portrayed for the organisation and the realities discovered in consumer experience and attitude surveys. It was felt that public affairs could pursue other stakeholder issues with much greater success and reality as to the perceptions of externals and real needs of the company.

Product marketing would be driven by business unit marketing, with 'partnering' by group marketing which now reported to public affairs.

COMPANY 3 FINANCIAL SERVICES

Recent developments

The situation has been stable in recent years. Public affairs has devoted large resources to reputation analysis and management, and invested heavily in community relations and outreach programs. Business units draw on these central resources for the management of their public affairs activities. Public affairs have accountability also for what they call their 'internal brand', which is what the company means to employees, and how employees believe it is operating in the marketplace. This is significant because they believe the brand drivers are what the company does to externals on a day-to-day basis, rather than either the characteristics of product, or what is promoted through advertising. Accordingly 'brand' is perceived to be holistic views of the corporation with all relevant stakeholders.

The central marketing function has accountability for identity, look and logo, big ticket sponsorships aimed at consumers, and advertising aimed at corporate image. Public affairs runs major sponsorships aimed at community stakeholders. However, the company stresses the closeness of working arrangements, collaboration and mutual support between the functions; "If there were different people heading up marketing and public affairs and tensions developed, our model of relying on close collaboration would not work".

Rationale

In this case there is a close affinity between the corporate brand and the services on offer. There is also a heavy dependence on community and regulatory goodwill. The company's view is that marketing executives have a better understanding of the technical communications black box, including advertising and corporate identity. Sponsorship of sporting events etc, is managed by marketing as most of this sponsorship is targeting consumers.

COMPANY 4 MIXED CONSUMER AND BUSINESS PRODUCTS – UTILITY

Recent development

Numerous changes over the past decade have seen brand management move back and forth from the cor-

porate centre to business unit. The most sophisticated approach was undertaken when corporate marketing (overall corporate brand positioning) and public affairs were managed in an integrated manner ("Public Affairs and Corporate Marketing").

Marketing has been at different times fully disaggregated to business units, focusing almost entirely on products. While run from several business units, the Australian retail business has been in a leadership, but not controlling, position.

Currently the marketing function is disaggregated to the retail and other business units, with retail (largest budget) occupying the largest sponsorship space. Community oriented and non-consumer stakeholder-oriented relationships are run from the corporate centre (where 'reputation management' is located) and other business units with specific stakeholder relationship needs.

Rationale

This has varied over time; when centralised it was on explicit recognition that the corporate brand was a holistic concept reflecting the set of 'products, values and attributes' which is the collective opinion of stakeholders, based on its record. This corporate brand concept was seen as virtually indistinguishable from reputation based on financial, consumer, employee and social perceptions.

When distributed it has focused more on product and commercial stakeholders, but required a residual program focused on overall corporate brand or reputation and managed at the corporate level.

COMPANY 5 MANUFACTURER – CONSUMER PRODUCTS

Recent developments

The company's management is focused on disparate business units and particularly product brands. Marketing and specific (particularly sporting) sponsorships are tied to brand.

There is very limited corporate positioning and sponsorship, however recently, due to new diversity in product offerings and geographic reach, it was deemed necessary to research and launch a new corporate identity and other aspects of brand positioning. There is no corporate marketing operation. This brand development, its promotion through a general communications program, and general corporate positioning was the clear accountability of centralised public affairs.

Rationale

Until recently all focus was on a relatively simple business and cluster of brands. The corporate brand was inextricably bound to this homogeneous cluster of brands.

More recently significant corporate diversification – but still in consumer products – left product promotion and marketing sponsorship clearly in business units, but with the requirement of a new overarching corporate identity. This did not require a concomitant corporate marketing program beyond a relatively discrete set of stakeholders (principally investors, financial, media and government).

COMPANY 6 CONSUMER AND BUSINESS SERVICES

Recent developments

The company has been through a new branding exercise with moderate change to name and livery. This brand is seen as corporate and is applied to the business units (mother brand) in a controlled manner. Public affairs is centralised and supports the businesses as well as the corporation overall. It is responsible for all aspects of brand architecture and brand custodianship.

There is a centralised marketing function but its focus is very much on working within the businesses on sales and product marketing.

Public affairs reports to the CEO; Marketing reports to a senior line manager with operational accountability across the business. Some minor sponsorships are conceived and managed by marketing where there is a direct link with sales and product promotion. Public Affairs owns the major sponsorships which are focused on (i) building the overall corporate brand, and (ii) relationships with specific non-market stakeholders associated with the businesses.

Rationale

The CEO has a strong commitment to the brand as an overall corporate asset which is part of positioning the company with all relevant stakeholders, including government, investors, employees, interest groups as well as customers, suppliers and other business peers. He sees this as a key issue to be managed close to him; products and services require specific marketing to customers, but in a manner subordinate to this overarching framework.

COMPANY 7 ENTERTAINMENT SERVICES

Recent developments

The company is undergoing significant change with a new CEO and Public Affairs team. Branding has been inactively managed leaving a long-standing style and livery, and a lack of attention to overall corporate image. Marketing is undertaken at a relatively low level in a number of small and disparate business units.

Under the new arrangements Public Affairs has expanded to embrace corporate branding together with a new range of sponsorship and other initiatives aimed at stakeholder relations and reputation management.

At the same time the marketing functions of the company are being reviewed with the expectation that enhanced corporate marketing arrangements will lead to overall cohesion between the disparate business unit activities. One option being considered is that this might be integrated into a combined public affairs and corporate marketing function at the corporate level, with sales and marketing capability in key business units aimed exclusively at product promotion and sales.

Rationale

This business is sensitive to regulatory pressure, and while business unit leaders are pursuing sales targets, the corporate focus is very much on 'licence to operate'. Accordingly they are moving to a higher order branding, targeting community and government audiences, in a manner requiring close association with public affairs programs and long run issues management.

COMPANY 8 CONSUMER PRODUCTS – COMMERCIAL AND RETAIL (FOREIGN MULTINATIONAL)

Recent developments

Like financial services companies cited above, this company's overall brand is also largely the product brand.

Brand communications has always been separated out from public affairs because it has been seen as a customer facing retail/commercial function directed narrowly at products and product promotion but it also includes management of corporate identity. This also applies to significant sponsorships – such as sporting events – where the product is very much the focus.

However, there is a global corporate identity campaign seeking to position the company and brand with attributes beyond product (integrity, sustainability,

responsiveness to community). It is led by a committee involving senior line management, but managed through public affairs globally and through public affairs outriders in regional markets. This includes a large scale global corporate image involving corporate advertising and extensive stakeholder dialogue and reputation tracking research.

Rationale

While there is confusion in language across the company worldwide, there is a reasonably clear understanding that public affairs manages overall corporate positioning and reputation, and marketing focuses on product promotion and sales. Grey area exists in the cut-off between product sponsorship and broader corporate image related sponsorship.

COMPANY 9 MANUFACTURING – CONSUMER PRODUCTS, CONSUMABLES

Recent developments

This company has a focus on numerous individual product brands. The corporate brand is meaningful only to selected audiences, particularly investors and financial media, government, and on sensitive issues, local communities.

Accordingly there is a clear distinction between brand management (identified as many individual product brands unrelated to the holding company) which is the province of marketing, and corporate brand (or reputation) management which is the province of public affairs.

Not surprisingly there is a corporate level public affairs capability focusing on government relations, investor relations and media, but which supports decentralised facilities, business units on issues like community relations and crisis management, and small product marketing units within the business units. A centralised marketing and innovation group currently being established will support the latter. Most sponsorship activity is naturally around product promotion, however a number of initiatives have been taken under the aegis of public affairs, to support the corporate image with government, local communities, and sensitive interest groups.

Rationale

This is a clear case where there is little need to link corporate image with product image and the two can be managed with clear separation.

COMPANY 10 LARGE INDUSTRIAL COMPANY – AUSTRALIAN-BASED MULTINATIONAL

Recent developments

This company's consumers are overwhelmingly large industrial clients, operating through long-term contracts and spot commodity markets. There is no sense of market branding in the retail sense, although characteristics such as quality, reliability of supply etc support business unit positioning, and are in the armoury of business unit sales and marketing teams.

There is considerable attention to the corporate brand, however, at the corporate level. There is no stand-alone marketing function at the corporate level, but a unit within public affairs covering communications and corporate marketing..

The purpose of this unit is, inter alia, to "present coherent appearance and messages across all audiences on behalf of the company as a whole". It is also the corporate identity and logo cop.

Rationale

The company sees this brand and reputation activity at the corporate level to be focused on multiple stakeholders rather than specifically customers and is particularly attentive to 'employee brand' (the perception of the company in the eyes of current and potential employees).

This is typical of large industrial firms with a centralised holding company staff, relatively small group of industrial customers, but significant dependence on reputational issues in a wider stakeholder context.

Summary

As in other areas of organisational design there is no simple best practice template to apply across sectors or even organisations within the same sector.

There is however a blurring with the new public affairs-based focus on corporate reputation – the product of multi-dimensional attributes perceived by multiple stakeholders with more traditional approaches to brand management within the marketing function.

Some jockeying for territory along the continuum between public affairs and corporate marketing is likely in these human institutions within which we work – but ultimately success will follow the realisation that all elements of corporate performance and legitimacy will effect external perceptions.