CHAPTER

1 WHAT IS CORPORATE COMMUNICATION?

Speak out
Let us have some variation on the theme
Speak freely
Clear
Not thoughts you think we like to hear
But thoughts that sear and form and grow
To change
Change our cluttered cramped ideas
Speak out
For that is why you are here

Egal Bohen

Organizations are networks of people who communicate with each other. In all organizations, communications flow vertically and horizontally, internally and externally, formally and informally, linking employees internally to each other, to various layers of management, and to the many external resource-holders of the organization. Not all of the communications in an organization are work-related, nor are they necessarily relevant to fulfilling organizational objectives. All communications, however, influence to some extent the perceptions of participants and observers about the organization and its activities, and so affect the organization's image, brand, and reputation.

In this chapter, we focus specifically on the formal task-related communications that link internal and external audiences of the organization. After reviewing the three principal types of communications in organizations, we propose the concept of *corporate communication* as an integrative communication structure linking stakeholders to the organization. A corporate communication structure describes a vision of the ways in which an organization can strategically orchestrate all types of communication. In the rest of the book, we propose a coherent approach to the application of a corporate communication perspective to all organizations.

Types of communication

There are three principal clusters of task-related communication activity within organizations. They are typically classified as management communications, marketing communications, and organizational communications.

The most strategic cluster is "management communications", the communications that take place between the management level of the organization and its internal and external audiences. The management level consists of all employees with authority over the acquisition and retention of key resources in the company. In other words it includes, not only senior management, but also various levels of business-unit and department managers within the organization. Executive speeches, for instance, are among the strategic communications managers make whose targets are both internal and external. When senior managers speak at conferences, or when they lobby legislators about topics of interest, they are clearly presenting a personalized view of the organization to powerful constituencies, and so influencing the public debate about those issues as well as contributing to building an image and reputation for the organization.

To support management communications, organizations rely heavily on specialists in the areas of marketing communications and organizational communications. Marketing communications get the bulk of the budgets in most organizations, and consist of product advertising, direct mail, personal selling, and sponsorship activities. They are supported to a greater or lesser extent by "organizational communications" that generally emanate from specialists in public relations, public affairs, investor relations, environmental communication, corporate advertising, and employee communications.

Management communications are far more effective when marketing and organizational communications support them. This has two consequences. First, managers must realize the possibilities and limitations of their own roles in the communication process. Second, specialists in all areas of communication must understand how to support management in their communications.

Specialists have a responsibility to act as advisors to management and to contribute professionally and critically to the implementation of the organization's objectives.

In recent years, other groups and roles have become involved in marketing and organizational communication. In many organizations, internal and external affairs departments have lost their historical monopoly over communications. Whether this is desirable or not is a moot point. In practice, the playing field has changed, and both public relations and advertising are increasingly splintered into ever more specialized sub-groups and roles. In the area of marketing communications, for instance, the elements of the promotion mix generally remain under the responsibility of a marketing director, and so specialization has been less consequential. In contrast, growing fragmentation of the organizational communication cluster has had more far-reaching consequences in many organizations. Fragmented groups involved in organizational communication often report into different managers, and their activities are often inconsistent. Additionally, seldom are organizational communications linked directly to outcome measures such as exposure, brand equity or sales increases, making turf wars between groups difficult to arbitrate.

Management communications

Managers fulfil key functions in organizations. Management is often described as "accomplishing work through other people." Typically this includes functions such as planning, organizing, coordinating and controlling. Management is only possible with the consent of those being managed. In other words, it's difficult to manage anyone who does not want to be managed. As a consequence, one of the manager's roles is to continuously persuade individual subordinates that the goals of the organization are worth fighting for. Communication is therefore one of the most important skills a manager must have in order to gain acceptance for the organization's goals.

Management communication is not only a task that takes place at the top of the organization. All levels rely on communication in order to (Pincus *et al.*, 1991):

1. develop a shared vision of the company within the organization;
2. establish and maintain trust in the organization's leadership;
3. initiate and manage the change process;
4. strengthen the identification of employees with the organization.

Various authors are critical and even cynical in their description of the lack of effectiveness and skill managers have in communicating to their own staff and to external audiences. However, more and more people are convinced that the success of managers and organizations depends to a large extent on the degree to which managers effectively apply themselves well to the task of communicating.

Although all management layers do have to communicate, top management has a special role to play in representing the organization to internal and external audiences. In particular, the chief executive officer (CEO) plays an important symbolic role as the spiritual and emotional leader of the organization and is sometimes ascribed heroic characteristics. Even when top managers are very skilful in acting as figureheads of the organization, communication is too important to be left solely to their discretion. Communications specialists are needed to support managers in improving the effectiveness of their communications. In essence, the work of these specialists consists of preparing and executing projects that increase the involvement of internal stakeholders and improve the opinions external audiences have of the organization.

The supportive role of communication specialists should not be confused with the role played by occasional experts called in to cure specific organizational ailments.

> *Such a communication specialist quickly becomes the resident expert and a feeling seems to creep over the rest of the management team that they no longer need to worry about the problem. The danger is, of course, that it is patently absurd to expect one person (or department) operating out of one position, to solve a problem that is organizationally pervasive. This kind of lip service to remedy organizational ills will not relieve anyone in the organization of their own proper communication role, any more than the presence of a training executive relieves individual managers of their responsibility for training.*
>
> *(Allen, 1977)*

In the academic departments of leading business schools, management communication receives very little attention. Researchers are often journalists, skilled in case-writing and language, but lacking training in research methodology. Teaching activities revolve around skill-building in making presentations, delivering speeches, or preparing written reports. Core management courses relegate communication to support roles and mostly rely on them to help students improve their writing, make oral presentations, and develop listening skills.

Yet the field of communications involves far more than skill-building. The conceptual framework for communications is mostly found in journals such as *Speech Communication*, *Human Communication* and in journals providing technical information about organizational communication. Similarities in research and education, but especially their application to organizations, are larger than one would assume, and it is becoming ever more apparent that the different subsets of organizational communication, colored by the paradigms of their professional disciplines, are becoming more complementary to one another than competitive. It's therefore only logical that groups like the *Arthur Page Society* and the *International Association of Business Communicators* periodically call for initiatives that will integrate content about organizational and marketing communication into international business management curricula.

Marketing communications

Marketing communications consist primarily of those forms of communication that support sales of products, services, and brands. In marketing communications, a distinction is often made between the promotional mix and the public relations mix (Rossiter and Percy, 2000; Kitchen, 1999). Gusseklo (1985) similarly distinguishes between the corporate communication mix and the marketing communication mix.

Almost every author on the subject regards advertising as a vital and salient component of the communication mix. Franzen (1984) describes advertising as a process of relatively indirect persuasion, based on information about product benefits, designed to create favorable impressions that "turn the mind toward" purchase. Sales promotion is often regarded as "additional activities to above-the-line media advertising, which support sales representatives and distributors" (Jefkins, 1983). Direct mail is described by Knecht and Stoelinga (1988) as "any form of direct advertising distributed by addressed mail." The same authors describe sponsorship as "an activity in which an institution (the sponsor) gives material (usually financial) support to (a) an association or individual for the presentation of sporting or artistic performances, or other performances of a kind interesting to a particular public, or (b) the organizers of a cultural or sporting event, in exchange – as a minimum – for mention of its brand name."

Within the promotional mix, the greatest share of the budget goes to personal selling and sales management. Its distinguishing feature is the direct personal contact that takes place between the seller and the prospective buyer, which tends to facilitate responsiveness to the needs of the individual client. Personal selling involves "oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales" (Kotler, 1988).

A number of authors regard marketing-oriented public relations – *publicity* – as an instrument of marketing communication. Publicity consists of "non-personal stimulation of demand for a product, service or business unit by planting commercially significant news about it in a published medium or obtaining favorable presentation of it upon radio, television or stage that is not paid for by the sponsor" (Kotler, 1988).

By far the largest share of a company's total communication budget, however, is devoted to marketing communication, and particularly to advertising. Global advertising expenditures in 2003 were estimated to be around $262 billion (*World Advertising Trends*, NTC, 2003). Considering the enormous sums of money involved, a great deal of information is available on both qualitative and quantitative aspects of marketing communication, including financial data (e.g. advertising expenditures), information on target groups (e.g. patterns of media consumption), and data about the relative performance of agents (e.g. advertising agencies).

Many large international organizations and important journals are devoted to the study or practice of marketing communication, and it is of direct interest to a variety of academic networks around the world, not so much as an independent discipline, but as a component of the marketing curriculum in accredited MBA programs. In economics and communication sciences, the field of marketing communication has been a part of the curriculum for many years.

Large numbers of researchers work in this field, so it should come as no surprise that marketing communication has adopted a positivistic paradigm. Indeed, articles published in such outlets as the *Journal of Advertising*, *Journal of Advertising Research*, *Journal of Brand Management*, *Journal of Marketing Communication* or the *Journal of Consumer Research* are often so specialized and technical that few of those engaged in the practice of marketing communication are able or willing to read them! Figure 1.1 illustrates some of these groups and publications.

EMC
EUROPEAN
MARKETING CONFEDERATION

AAAA
AMERICAN ASSOCIATION
of ADVERTISING AGENCIES
www.aaaa.org

IABC INTERNATIONAL ASSOCIATION
OF BUSINESS COMMUNICATORS

Figure 1.1 **(opposite)** Examples of professional associations in marketing communications

Source: EMC www.emc.be

Organizational communications

The third type of communications is organizational communications: they encompass public relations, public affairs, investor relations, corporate advertising, environmental communication, and internal communication. They denote a heterogeneous group of communication activities that have four characteristics in common:

- Organizational communications are aimed at corporate audiences, such as shareholders, financial journalists, investment analysts, regulators, and legislators.
- Organizational communications have a long-term perspective and do not directly aim at generating sales.
- Organizational communications apply a different style of communication compared with marketing communication; exaggeration and puffery are limited and messages are more formalistic.
- Organizational communications are generally initiated by external parties. External pressures generally compel the company to reveal information that would not have been shared otherwise. As Grunig (1992) points out, in organizational communications, stakeholders generally decide whether the organization should communicate with them, whereas in marketing communications, the organization chooses its target audiences and avoids communicating with those that are not "commercially interesting."

Companies differ greatly in the ways in which organizational communications are incorporated into their organizational structures. In many companies, most specialized organizational communications are governed by the external affairs department. But many organizational communications are also developed outside the external affairs department. This generally happens when needs arise in a particular functional area to address specific stakeholders – for which a special form of communication gets introduced.

Two pre-conditions are necessary to justify creating a new communication department outside the boundaries of the external affairs department. First, the particular corporate audience should be strategically important to the organization. Second, knowledge creation should be important. For example financial managers or human resource managers often claim that a specific modality of communication (like investor relations or employee communication) can be better exploited if it is anchored within their relevant (knowledge-generating) functional area.

In contrast to the state of affairs in marketing communication, however, we lack hard data about organizational communications. Budgets for organizational communications are not as clearly identified as those of marketing communications. It's often difficult to uncover what sponsorship funds and donations are spent on, nor are their results – successes and failures – easily explained.

There are many national and international associations for professional communicators. They include the International Association of Business Communicators, International Association for Public Relations, and American Association for Investor Relations. Most of these associations tend to focus on one aspect of organizational communication, and do not provide an integrated view of the field. In 1999, we created the Reputation Institute (RI) to foster synergy across related disciplines of communication and reputation (Figure 1.2). The RI is an alliance network of academics and practitioners interested in advancing knowledge about corporate communication and reputation management. The RI hosts an annual scientific and practitioner conference, as well as periodic forums internationally. The RI also publishes the quarterly *Corporate Reputation Review* and is involved in developing theoretical frameworks, standardized measurement instruments, and applied work methods to upgrade the field.

Today, the most influential journals in the field of corporate communication are *Corporate Reputation Review*, *Journal of Public Relations Research*, *Journal of Business Communications* and *Management Communication Quarterly*. Important articles also appear regularly in more general management journals such as: *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, *Long Range Planning*, *Journal of Business Strategy*, and *Sloan Management Review*.

REPUTATION
INSTITUTE

Figure 1.2 The Reputation Institute (www.reputationinstitute.com)

The "corporate communication" perspective

"Corporate communication" encompasses marketing communications, organizational communications, and management communications. By "corporate communication", we mean a coherent approach to the development of communications in organizations, one that communication specialists can adopt to streamline their own communications activities by working from a centrally coordinated strategic framework.

Corporate communication adopts a "corporate" point of view. Derived from the latin "corpus" meaning "body" or "the whole", it invites communication specialists to focus, first and foremost, on the problems of the organization as a whole. Corporate communication therefore addresses the fulfilment of organizational objectives. Developing a corporate communication perspective does not require establishing a new function in organizations. Rather, it invites bringing down the traditional "Chinese Walls" that exist in most organizations between segmented communication functions.

Since the 1980s, the perspective of "corporate communication" has found a receptive ear at senior levels and among communication specialists. In the Netherlands, for instance, early proponents of corporate communication were inspired by consulting firms. They found an appreciative audience in large companies and large government institutions. Most of the time, they stimulated companies to launch corporate image campaigns, and recommended increased uniformity in communication policies. Corporate communication therefore became synonymous with strengthening corporate brands through corporate advertising and adopting a "monolithic identity" by endorsing all of a company's offerings with a single corporate name such as Shell or Philips (Chapter 3 examines these corporate branding approaches in depth).

Gradually, both consultants and clients gained insight into the antecedents of corporate brands, namely the nature of the corporate strategy, the corporate identity, and the heterogeneity of the context of the environment in which the organization operates. This soon led to a growing awareness that it is not always desirable nor is it practical to stimulate "uniformity" in overall communication policy.

Consultants ultimately fell victim to the persuasive power of their own arguments. As the walls crumbled between marketing and organizational communications, as steering committees were put in place to harmonize communication policies, companies began to take the lead in orchestrating their own communication system. This is entirely appropriate: in our experience, the activities involved in carrying out corporate communication should be vested in an ensemble of on-site specialists, not in outside agencies or consultancies.

Key tasks of corporate communication

Corporate communication requires an emphasis, not only on external image improvement, but on internally directed activities aptly described by Luscuere (1993) as creating a "diagnostic and alteration capability" to stimulate all employees to work together to support the company's overall objectives, rather than merely focusing on their functional tasks.

The responsibilities of corporate communication are therefore:

- to flesh out the profile of the "company behind the brand" (corporate branding);
- to develop initiatives that minimize discrepancies between the company's desired identity and brand features;
- to indicate who should perform which tasks in the field of communication;
- to formulate and execute effective procedures in order to facilitate decision-making about matters concerning communication;
- to mobilize internal and external support behind corporate objectives.

The holistic perspective of corporate communication makes it an area that can be meaningfully positioned within the interdisciplinary research and educational field of management. As we pointed out in the previous section, for decades training in "Business Administration" has given short shrift to communication topics, and addressed them under multiple names and with varying content. The differences we have observed lie mainly in the emphasis placed on:

1. *Skill building versus theory development*: skills are necessary to successfully execute communication tasks, but business education in communications over-emphasizes skills at the expense of research and theory.
2. *Holistic versus specialist training*: specialist perspectives are over-emphasized in communication research, fostering fragmentation of the field and a lack of coherence, thereby contributing to further fragmentation of the function in organizations.

In our view, academic departments addressing "corporate communication" should be holistic rather than specialized, and oriented to theory-building and testing rather than to skill-building.

Some examples drawn from many studies of the communications area should illuminate this point. One of the first was Johanson's (1971) study of the link between company image and product image. Birkigt and Stadler (1986) released an influential analysis of the relationship between identity and image. These authors had a considerable impact, not only in the Netherlands, but in their native German-speaking regions. Their publications have been valuable resources for scholars in Germany (Wiedmann, 1988; Kammerer, 1988; Tanneberger, 1987; Merkle, 1992), Austria (Hinterhuber, 1989), and Switzerland (Fenkart and Widmer, 1987; Tafertshofer, 1982), particularly with regard to establishing a link between corporate strategy and corporate communication. French researchers such as Ramanasoa (1988), Reitter (1991), and Kapferer (1992), as well as Italian researchers such as Gagliardi (1990) also had significant impact on the development of the field of corporate communication.

Other international academics have intentionally or unintentionally influenced our understanding of corporate communication. They include Selznick (1957), Kennedy (1977), Dowling (1986), Abratt's (1989) discussion of image measurement, Higgens and Diffenbach (1989), Sobol and Farrelly's (1989) work on the image effects of corporate strategy disclosure, and Fombrun and Shanley's (1990) analysis of the antecedents of corporate reputation. Poiesz (1988), Verhallen (1988), Pruyn (1990), and Scholten (1993) contributed valuable research describing how images form. In the Netherlands, van Rekom *et al.* (2006) proposed a pragmatic method for establishing the identity of a company through a laddering/means–end analysis (we review it in Chapter 8). Van Riel *et al.* (1994) measured communication effects on employee identification with the organization. Finally, van Ruler (2003), Cornelissen (2001), and Kleijneijenhuis (2001) have all provided useful insights about corporate communication, with a particular focus on how it is carried out in Dutch companies.

Much progress has also been made in exploring the organization of the communication function. Studies by Knapper (1987), Verbeke *et al.* (1988), and Adema *et al.* (1993) examined the relative effectiveness of various organizational structures. However, in comparison to the many rigorous empirical studies of "identity" and "reputation", studies of the communication function have been principally exploratory, and focused heavily on describing the activities carried out in selected companies that may not generalize to other countries.

Corporate communication and related concepts

The following definition, formulated by Jackson, was among the first to appear in the international literature:

> *Corporate communication is the total communication activity generated by a company to achieve its planned objectives.*
>
> (Jackson, 1987)

Blauw (1986) describes corporate communication as:

> *The integrated approach to all communication produced by an organization, directed at all relevant target groups. Each item of communication must convey and emphasise the corporate identity.*

Thomas and Kleyn (1989) also advanced two early descriptions of corporate communication as:

- all communication of an organization whereby coordination, based on a strategic plan, exists between the different communication disciplines and the resources they use;
- all communication of an organization whereby the organization or the elements of it are central instead of the products and/or services.

Definition

We define *corporate communication* as the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favorable starting points with stakeholders on which the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with the common goal of enhancing the organization's ability to retain its license to operate.

We follow Jackson's example in using "corporate communication" in the singular. In the plural form, it implies a proliferation of methods. In the singular form, it refers directly to the integrated communication function. As Jackson remarks:

> *Note that it is corporate communication – without a final "s." Tired of being called on to fix the company switchboard, recommend an answering machine or meet a computer salesman, I long ago adopted this form as being more accurate and left communications to the telecommunications specialists. It's a small point but another attempt to bring clarity out of confusion.*
>
> *(Jackson, 1987)*

A disadvantage of adopting "corporate communication" to refer to the total communication activity of the organization is the impression created that corporate communication is only relevant to business corporations. As with terms such as "corporate culture" and "corporate strategy", the use of the word "corporate" in "corporate communication" should not be taken as the adjective corresponding to "corporation". Rather, it should be interpreted in relation to the Latin word "corpus", meaning "body", or, in a more figurative sense, "relating to the whole".

Ideas about corporate communication are relevant to both private and public companies, to businesses and to not-for-profit organizations. Because they operate in competitive environments, businesses have been aware for some time of the value of developing attractive images. Corporate communication has therefore been more heavily associated with business than with other organizations. In recent years, however, pressure has been increasing on subsidised institutions and government agencies as well to give a good accounting of themselves to their audiences. We therefore see growing attention to these matters in the not-for-profit sector.

A corporate image is like a mirror: it reflects the identity of the organization. Having a favorable or unfavorable image is determined in part by the signals that an organization broadcasts about itself. These signals are interpretations by stakeholders based on the company's actions and self-expressions (Fombrun and Shanley, 1990; Fombrun, 1996; Schultz *et al.*, 2000). No matter how frank, open, and appealing the content of these signals, however, there is no guarantee that they will create a positive image in the minds of all members of the target group. Earning a top rating for diligence, for instance, does not automatically lead to a positive image.

Various other factors also influence the image an organization develops, including the conduct of employees and managers, the dissemination of rumours, and, most of all, the rational and seemingly irrational ways in which members of targeted groups *interpret* the signals they receive. As Bauer (1964) points out, the public often turns out to be far more obstinate in its views than managers expect.

Tools of corporate communication

Integrated communication can be achieved in various ways. We highlight four practices here:

1. application of visual identity systems (sometimes referred to as "house style");
2. use of integrated marketing communications;
3. reliance on coordinating teams;
4. adoption of a centralized planning system.

These four mechanisms are tools of *expression* (Hatch, Schultz, and Larsen, 2001). Insofar as organizational expressions and integrative communications rely on "common starting points" that express the organization's distinctive identity, brand, and strategy, they will be instrumental in generating identification by stakeholders, and so in building the reputation of the organization. As we emphasize throughout this book, coordination and integration are the hallmarks of an effective system for corporate communication.

Visual identity systems

Organizations express themselves through their communications. Visual communications are an important tool for integrating communications across the organization. As early as the turn of the twentieth century, industrial design specialists began emphasizing the application of consistent themes on products and services through the use of common names, trademarked graphics and logos (the Nike "swoosh"), sounds (the Harley-Davidson engine, the Steinway piano), and even smells (Chanel). Since then, a specialized industry of "identity firms" has emerged that helps organizations develop a uniform set of symbols, and put together house-style manuals that provide employees with guidelines for creating a uniform image for the organization through the application of signature themes in logos, clothing, furniture, and architecture.

In the 1950s, the rapid growth of mass marketing throughout the United States created enormous interest in packaging. The rise of supermarkets and department stores called for a substitute voice for the salesman who used to stand behind the counter and interface with the customer. Packaging design fulfilled that role, and what was once a sideline that printers had dreamed up to sell boxes and containers quickly became a full-fledged business.

Today, all major companies rely on elaborate handbooks that specify appropriate language, style, and nomenclature that help to guide integration across their communication systems. Even small companies find it advisable to do the same in order to build recognition and reputation and attract more investors and customers.

Integrated marketing communications

Attempts to achieve an "integration of effort" in communications have been made since the 1950s. The pursuit of integration is rooted in the marketing literature and involves not only the familiar elements of the marketing mix (price, product, place, and promotion – the so-called 4-Ps), but also the elements of the communication mix *within* each of the 4-Ps. Central to the concept of marketing is the need to operate in a customer-centric mode. This is only possible if each specialized function within the organization makes a valuable contribution to the communication system as a whole.

Initially, "integration" meant coordination across the marketing functions and specialty disciplines. However, the notion of integration was subsequently extended to encompass complementary activities performed by all functional departments, integrated around the customer in order to increase loyalty. Schultz and his colleagues were among the first to specify key elements of integrated programs in marketing (Schultz, 1993; Schultz and Barnes, 1995; Schultz *et al.*, 1993). As they proposed, integration should always develop from the top down, and be carried out from the stakeholder's point of view. Finally, they suggest that marketing and communications should develop shared objectives, allowing communications to lead all marketing activities when the company is responding to stakeholder demands.

Although integration was initially understood as a call for uniformity – the need to "become one", it was quickly softened to a requirement that brand messages be consistent and free of internal contradictions (Nowak and Phelps, 1994). Consistency could result only if all communication instruments were fine-tuned to each other during preparatory planning. By implication, specialists responsible for developing each of the brand communication instruments were advised to engage in intense dialogue early on in the process to diminish the chance of subsequent inconsistencies and contradictions. Unison gave way to a more apt metaphor of singing in "harmony".

In process terms, Moore and Thorson (1996) suggest that integrated marketing communications should start by: (1) identifying all target audiences relevant to achieving marketing objectives, (2) segmenting audiences on the basis of stage in the purchase decision cycle, (3) determining messages and communications tools to reach each segment, and (4) allocating appropriate levels of resources.

Although integrated marketing programs were originally introduced in the 1950s, they have not been fully endorsed by all practitioners. For instance, in the late 1980s the Dutch marketing specialist Knecht carried out a study of integrated communication on behalf of the Union of Advertisers and the Dutch Association of Recognised Advertising Agencies. He distinguished five stages in the evolution towards integrated communication. A synopsis of Knecht's five stages is provided in Box 1.1. His study demonstrated that very few agencies or companies have actually ever progressed beyond stage three.

Box 1.1 Integrated communication

1. Integrated media advertising

The mix of media used to transmit the message.

2. Integrated advertising

Coordinated application of media advertising, direct advertising, and packaging.

3. Integrated media communication

Coordinating media advertising, direct advertising, editorial publicity, product placement, and promotion of the brand or product name by means of sponsorship.

4. Integrated marketing communication

Coordinating all elements of the marketing mix beyond those described in stage 3. A vital element is personal selling, although price and distribution are also crucial.

continued

5. Integrated communication

Application of communication elements primarily developed for marketing but extended to other functions of the enterprise. Communication is coordinated across enterprise functions and target groups so as to prevent the emergence of contradictions that could harm the organization's image.

Source: Knecht (1989)

Coordinating teams

Another tool for facilitating integration is the use of coordinating teams – work groups or steering committees in which representatives of specialized communication departments that are active throughout the organization jointly develop a common policy and evaluate its execution. Chapter 11 pays specific attention to the coordination of the total communication function via coordinating teams.

Communication planning system

A communication planning system (CPS) is an automated tool for preparing and executing communication projects targeted to internal and external audiences. A CPS can be used to execute a project requiring an entire communication program for the organization. It can also be used to manage simpler projects such as are involved in corporate sponsorship activities, developing annual reports, or creating internal newsletters.

Use of a CPS offers an organization a few concrete advantages:

1. Per project a certain degree of planning is stimulated because an array of protocols (based on research) have to be followed.
2. It is possible to manage and control at a general level because one can "force" employees to absorb certain information such as the common starting points, budgetary constrictions, time-limits etc.
3. CPS also works as an orchestrating instrument through the level of overview it offers of plans, market research (such as image research, information about competitors, clients, etc.), and communication items (text, pictures,

and even films). The overview that this offers of all the possibilities has an implicit character. By being aware of all the efforts that are taken by the different communication functionaries, one makes sure there is a minimum of repetition or conflicting messages.

4. CPS functions as a form of knowledge base that retains knowledge even after employees depart.
5. CPS offers efficiency advantages, for example by delivering standard structures of reports that can be used in various situations.

When is corporate communication successful?

Organizations spend large sums of money on communicating with their stakeholders. Companies like Microsoft, Shell, and DaimlerChrysler are among the major corporate advertisers in the world, but are also very active in all areas of communication. Figure 1.3 shows a Microsoft advertisement that highlights the company's commitment to education. It is supported by multiple communications, donations, and events supporting the "education" theme that the company favors. The theme is manifested in the company's widely promoted corporate campaign "Your Potential, Our Passion".

In contrast, some companies are large corporate advertisers but are less active in other communication domains. For instance, hotel groups like the Mandarin Oriental or Accor advertise a great deal, but do little else. Similarly with airlines, utilities, and many consumer goods companies. Among non-governmental organizations (NGOs), Greenpeace is one of the most visible in generating both free publicity and in carrying out co-sponsored advertising. Few other NGOs have the slack resources needed to carry out any advertising at all.

Despite the different approaches to communication used by companies, NGOs, and governments, they all allocate significant resources to communication activities. The question therefore arises – how do we know when communications are successful? What makes for effective communication?

When communication provokes changes in knowledge, attitudes and behaviors

Communications are successful when they generate changes in knowledge, attitude and behaviour (KAB). Many researchers in marketing communications

Our mission is not just to unlock the potential of today's new technologies. It is to help unleash the potential in every person, family and business. We want to help you do the things you do every day – express your ideas, manage your finances, build your business – faster, easier, and better. At Microsoft, we see the world not as it is, but as it might someday become.

Factory
We see a comeback.

Assembly
We see nothing small about them.

Ovation
We see a standing ovation.

King of the Skies
We see the king of the skies.

Hat
We see a label with your name on it.

World of inventions
We see new skills, tomorrow's inventions.

Figure 1.3 Microsoft print advertising campaign (2005): "Your Potential, Our Passion" have underscored this principle, but found that the order is irrelevant. In many cases, for example, people are known to buy cars first (change in behavior) but only subsequently to confirm their choice psychologically by paying attention to selected advertising or communications about the car. Studies show that some customers only become aware of salient features of their cars *after* they have purchased it.

The simplified analysis of the KAB model is problematic in practice as well. Almost all communication activities aim to change people's behavior. In practice, it is hardly ever possible to affect all three simultaneously. Generating a change in knowledge implies an entirely different communication approach than aiming at changes in attitude or behavior. In our experience, many communication activities fail when companies try to do all three at once. We will discuss this topic at greater length in Chapter 8.

When communications are honest and symmetrical

Grunig (1992) proposed a two-dimensional framework from which he distinguished four perspectives on communication: on one axis, an organization chooses whether to engage in a one-way or two-way information exchange with its stakeholders; on the other axis, the organization decides whether it is prepared to reveal the complete truth about its operations and objectives, or to be only partially truthful. The four perspectives on communication are summarized in Figure 1.4.

	One-way communication	Two-way communication
Entirely true	Public information	Two-way symmetrical communication
Complete truth not essential	Press agentry communication (propaganda)	Two-way asymmetrical communication

Figure 1.4 Four visions of communication
Source: Grunig (1992)

In Grunig's view, press agentry or propaganda is the least desirable form of communication because it involves a one-way flow of information where the organization is less than truthful about its activities and justifies its deception on the basis of lofty goals. Propaganda often results, for instance, when a company communicates about externalities in its production processes: managers avoid revealing the complete effects of the company's operations on communities and the environment, and often also resist efforts to establish a dialogue about it with constituencies.

The second model, public information, also involves a one-way flow of communication, but one in which the organization attempts to communicate the truth. Instructions given to employees about safety and health procedures in companies are a typical example of this type of communication.

The third model involves two-way-asymmetric communication. Communication is imperfect because, although the organization is revealing accurate information, the organization does not invite much dialogue. This occurs, for instance, when companies use scientific evidence to convey information to audiences. Recent advertisements by pharmaceutical organizations touting the health benefits of their drugs are a case in point. Audiences are not expected to raise refuting arguments that could change the message.

The fourth model describes Grunig's ideal type of communication. It involves a company in two-way symmetric communication. Under this model, both parties are open and truthful about each other's point of view, and exchange information with reciprocal respect so as to arrive at a common understanding of the situation. Grunig's model encourages organizations to think carefully about their intentions in communicating with a target group.

When communications are accountable and adopt measurable success criteria

Success of corporate communication results when companies demonstrate their accountability on three levels: *overall accountability*, *specialist accountability*, and *coordinated accountability*.

Corporate accountability involves demonstrating the effects of corporate communication on building a favorable reputation for the entire organization. It allows the communication structure to enforce authenticity and consistency across all functional management areas. A precondition for corporate accountability is being part of the dominant coalition and systematically illustrating the added value of corporate communication for the company. Having quantitative information about the organization's reputation demonstrates overall accountability.

Specialist accountability involves creating protocols describing both the procedures applied and the success criteria used at the functional level. Use of specialist scorecards to gauge their success in delivering quantitative and qualitative results with targeted audiences helps spur overall success of corporate communication.

Finally, companies want to demonstrate accountability around the coordination of their activities. Coordination results when all communication specialists draw on the same core elements to implement their specialized communications. It involves ensuring that the organization's communications policies are derived from the core strategy–identity–brand (SIB) triangle described in the Introduction to this book. Managers who rely on the SIB triangle to develop a set of "common starting points" that are the basis for creating functional communication plans can help create coordinated accountability. Figure 1.5 diagrams the link between the SIB and the corporate communication system.

Starting points are specific to a company and should be developed jointly by all specialists in communication, not dictated by senior managers from a corporate head office. Starting points provide a sound basis for carrying out communication policy objectives, even within individual specialized areas of communication. Starting points create a bandwidth around which communication specialists can work, but do not imply absolute conformity or uniformity.

Another way to put it is that starting points act as guidelines for all of the organization's communications. They clarify the priorities inherent in a

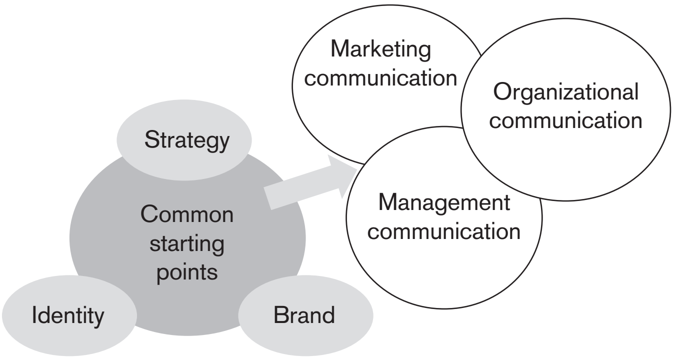

Figure 1.5 Directing communications through "common starting points"

communication policy and accountability system. To work effectively with common starting points, we recommend paying attention to two sets of considerations:

1. Translate the corporate strategy into common starting points that can be used for communication at both the *corporate level* and the *business level* by applying the PPT model as follows: indicate what the organization wants to *P*romise to its most important internal and external stakeholders; indicate how it expects to *P*rove it; and identify what *T*one of voice it wants to use to communicate messages to those audiences.
2. Make plans more specific by applying the KAB model: specify what the organization wants target groups to know (*K*nowledge), to feel (*A*ttitude) and to do (*B*ehaviour), both with respect to the entire company and with respect to the individual business unit.

Chapters 3–8 flesh out the process through which corporate communication can thus be created and accountability developed. Chapters 9 and 10 specify the criteria against which corporate communication should be evaluated, namely corporate reputation.

The communication agenda: to build reputation

Corporate communication helps an organization to create distinctive and appealing images with its stakeholder groups, build a strong corporate brand, and develop reputation capital (Dowling, 1994; van Riel, 1995; Fombrun, 1996). To achieve those ends, all forms of communication must be orchestrated into a coherent whole (van Riel, 1992; Bronn and Simcic, 2002), and success criteria developed that enable measuring the effects of the organization's communications on its reputation and value (Fombrun and van Riel, 2004).

In the next chapter, we turn to the literature on corporate reputations, and identify the role that corporate communication can play in building an organization's reputation. In particular, we suggest that reputation is the most meaningful outcome through which we can evaluate the successful development of a corporate communication system. Reputation therefore belongs at the top of the corporate communication agenda.