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## CEO – THE COMMUNICATOR

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No human capability has been more fundamental to the development of civilisation than the ability to collect, share, and apply knowledge.

Civilisation has been possible only through the process of human communication!

- *Frederick Williams*

Tuesday, September 26, 2000

### **Canadian CEOs Devote Half their Time to Communications**

MONTREAL, Quebec — A study conducted among Canadian CEOs indicates that they devote half of their time (49%) to communications, both with external stakeholders such as investors, government, the media or customers, and internal audiences such as employees and management.

Interviews were completed with 45 CEOs using a sample representing the private, public and not-for-profit sectors. Combined revenue of the companies represented by the 45 CEOs in this poll was in excess of \$100 billion.

93% of participating CEOs agreed with the statement that "public relations is a strategic management function that contributes to the success of their organization." A similar percentage (96%) also agreed that public relations today is a key component in the development of their organization's strategic business plan and other important initiatives. Some 83% felt that, public relations has, in the past five years, played an increasingly important role in their company.

Research underscores the important role that communications play at the CEO level. According to Burson-Marsteller's international survey of 1,400 influential CEOs, senior executives, financial and industry analysts, government officials and journalists, the CEO's reputation can represent a staggering 45% of a company's reputation and directly impact share purchase decisions.

These studies show definite progress in public relations as a management function. Managing relations between a corporation and its various audiences is no longer assigned to an auxiliary department that follows up on decisions made at the executive level. Communications is now at the very heart of management activities, and in particular the CEO's activities.

Many CEOs are devoting more and more time to communications activities such as investor relations, financial presentations, speaking directly with key stakeholders such as the government or media and in general being the public face of the company they represent. It is no longer enough for a CEO to be a great manager. Today's CEO recognizes the importance to the bottom line of also being a great communicator.

One of the more pressing questions in today's emerging organisations is the key communication role of the CEO. Peter Drucker has maintained consistently through many decades of writing and thinking on the subject, that "the distinctive organ of organisations is management. He has long argued that the senior manager's primary

**Communicate  
clearly and  
emphatically**

responsibility is to think through the theory of his or her business and to identify the assumptions on which the organisation should base its actions. However, **what needs to be emphasised is that if those assumptions are not clearly and emphatically communicated** to the people who have to do the work, there will be little application of those understandings to the work done.

Most observers agree that Drucker is right when he asserts that the contemporary organisation will be run by what he calls "knowledge workers" – people who use their knowledge and skills to achieve an organisation's goals. In a knowledge organisation, the assets must be cultivated and nurtured if the organisation is to succeed. The emerging role of the CEO in the twenty first-century organisation has much to do with the cultivation of such human assets.

**A company's corporate leadership can have an impact on:**

- (1) Creating shareholder value**
- (2) Mobilizing employees to work smarter, more productively and in line with a company's values and mission**
- (3) Attracting and retaining high-quality people**
- (4) Marshaling stakeholder support for the company's position on public policy issues**
- (5) Creating a "halo effect" that enhances the company's product and service brand equity**
- (6) Minimizing the downside financial and reputation impact of a**

David Pincus, director of the MBA programme at the University of Arkansas at Fayetteville offers a behavioural prescription for the communication role of CEOs in what he calls his CCOS model. The first C stands for **consistency**. Like most observers, he says that it is critical for CEOs to be consistent in both words and actions.

His second C stands for **compassion**. Pincus makes the point that a good leader must listen to the feedback from the workforce and show some sensitivity for the plight of the people he or she is leading. The O in the Pincus model is for **organisation**. Here Pincus cites the need for the CEO to think carefully about his or her communication role and to strategise what it should be in a very deliberate way.

In practice this means that the CEO must be an interpreter and analyst of the business realities the organisation faces. In the private sector, this means talking about such powerful market forces as competition, globalisation, the need for cost effectiveness, and the impact of technology. It also means translating what those forces require of the organisation and how they shape overall strategy and priorities. It also means connecting the organisation's priorities to the need to serve its stated public purpose.

### Visions as Visual Aids

#### **Jack Welch, CEO General Electric (GE)**

Early in his career as CEO when he was working to refocus the company, he made it absolutely clear that GE was going to be seen in a limited number of core businesses and that each of its entries into the marketplace would be either number one or number two in its marketplace.

If it could not maintain that position, then GE would divest the business in question and invest its resources elsewhere. This is a vision and a direction that is crystal clear in its directness and simplicity. It is also a vision that Welch pursued consistently and rigorously with splendid market results.

Welch has always been willing to spend whatever time was necessary to explain himself and to clarify to GE people why the vision is so important and what it means in day-to-day operating practices. Many CEOs would delegate such appearances to their subordinates, **but Jack Welch clearly sees his communication role as one of the most critical pieces of his job.**

Pincus claims that the CEO needs to be **selective** in how and when he uses his communication power. Hence the final S in his CCOS model. Pincus reasons that if the CEO spends communication capital too freely, there is a loss of impact when something important needs to be said. It is a worthwhile point as long as selectivity does not deteriorate into invisibility.

### CEO Survey 2000

In 2000, for the first time ever, PR Week commissioned a substantial piece of research among UK chief executive officers at client companies. The aim was to shed light on their perceptions of key communications issues ranging from corporate reputation through to crisis management,

the Internet and corporate social responsibility. The survey paint a clear picture that corporate reputation has become more important than ever before and that the majority of CEOs take a personal interest in how their companies communicate with their stakeholders.

CEOs across the board rated their corporate reputation as a marginally more critical asset than their brand. But even more striking was the fact that 100 per cent of CEOs felt their reputation was either important or very important, with 92 per cent deeming it very important.

One point on which all were agreed however, was that CEOs do have a major contribution to make to the reputation of their companies as individuals. Part of the survey asked respondents to rate their peers: which CEO did they consider to have been most successful recently in managing the reputation of their company?

Only one person was named more than once, receiving 12 mentions - Virgin supremo Richard Branson. Among the reasons given for choosing Branson were:

- He promotes his brands very well as all CEOs should do
- He is in an extremely competitive market yet manages to retain moral standards and effective operations

The sample was also asked which CEO they felt had been the least successful in managing the reputation of their company recently. Former British Airways chief Bob Ayling has the dubious honour of being the most popular choice in this category. Some of the reasons given for picking Ayling were:

- That 'he didn't understand the impact that decisions such as changing the design on the planes would have on the company's reputation
- He was involved in losers, such as the Millennium Dome. You don't get involved in something that will fail

## **Two Key Communication Leadership Tasks**

The modern CEO has at least two key communication roles to fulfill if he or she is to lead successfully.

One is that of the **motivator**.

He or she needs to be the chief cheerleader of the organisation. The research on employees shows clearly that they want to see and hear their leaders.

### ***Example***

*The late Mike Walsh, when he was CEO of Union Pacific and leading a transformation in the business from a typical railroad operation to a company in the transportation business, decided to hold what he called "town meetings" at Union Pacific locations throughout the United States. He would gather a group of hardened railroaders together in a local meeting place and offer them a no-holds barred opportunity to come listen to his plans and to ask any question they liked.*

When the top management of an organisation engages in personal motivation by appearing in person at company meetings, they can do remarkable things.

*Initially some of the meetings were pretty heated and vocal, with accusations flying back and forth. But little by little, he managed to bring the bulk of employees around to his way of thinking. It was quite an accomplishment for a non-railroad man to convince an audience of railroaders that they had become a transportation company and that the railroad business would ultimately lead them down the road to bankruptcy and extinction.*

The second part of the CEOs communication job description is that of **tone setter**.

The CEO has to be very careful about personal behaviour and personal ethics. The "don't do as I do but do as I say" approach will not work in the modern organisation. No one can preach cost effectiveness and control and then make an exception of himself.

### **Example**

*It would have been easy, though certainly ill advised for James Burke, CEO of Johnson and Johnson at the time of the Tylenol crisis to claim no responsibility when the product was contaminated in a series of bizarre product tamperings. Instead, he instituted a recall of Tylenol capsules and implored the public not to use the capsules until the problem was solved.*

*Certainly every employee in the company was given a clear lesson in how to deal ethically with a very painful problem as well as in what constitutes responsible communication*

### **Building a Desired Image**

There are four desired images that CEOs can use to integrate their organisation's internal activities, and to coordinate these with its external communications to project a desired image. These '**Pathfinder**', '**Commander**', '**Change**', and '**Vision**' models are summarised in the table given below.

#### **Approaches to Building a Desired Corporate Image**

Model	CEO's Question	CEO's Role
1. Pathfinder	'How do I create an organisation to fulfil my dreams?'	Leader
2. Commander	'How do I create the optimum image?'	Rational Analyst
3. Change	'I have a different image in mind, how do I implement it?'	Architect

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|-----------|---|-------------|
| 4. Vision | a. How do I get the top management team to commit to a shared vision and then a desired corporate image?’ | Coordinator |
|           | b. ‘How do I involve the whole organisation in implementation?’   | Mentor      |

### The Pathfinder Model

Pathfinders in business are often entrepreneurs, company founders, or company reorganisers. Some famous examples are Bill Gates who co-founded **Microsoft**; Steve Jobs, one of the founders of the **Apple Computer** company; Anita Roddick, founder of the **Body Shop**; Maurice and Charles Saatchi, **Saatchi and Saatchi Advertising**; Jan Carlson, who rejuvenated **SAS Airlines**; Akio Morita, co-founder of **Sony**; and Thomas Watson, founder of **IBM**; and Gul Mirchandani of **Onida**. The emotion, conviction and public profile of these leaders helped ensure that employees, customers, other stakeholders, and the general public knew where the company wanted to go, and what it stood for. The role of pathfinder CEOs is to convince other people that their dream is worthwhile following.

### The Commander Model

The commander model defines the role of the CEO as a rational analyst. Extensive analysis of the environment, market conditions, and competitors is undertaken before any action is taken to change the desired image of the organisation. Robert S. McNamara, **Ford Motor Company** senior executive and one-time Secretary of the US Department of Defense is a good example of a person who had a personal reputation for being the archetype rational analyst. He could repeatedly absorb and process vast amounts of information about the most rational course to follow. Closer to home, it was TV Sundaram of **TVS** who fits this bill.

### The Change Model

This model is an extension of the commander model. Here the CEO is an architect who uses the resources and control mechanisms of the organisation to establish a taskforce to examine its current images and to recommend the next course of action for change. These types of CEOs, like the rational analyst commanders, imbibed the corporate image building programme within the formal strategic planning process. Lee Iacocca of **Chrysler Corporation**. Lord King of **British Airways**, John Scully of **Apple Computer** and Sunil Alagh of **Britannia** have been stereotyped as architects of corporate image change.

### The Vision Model

The vision model is a shared decision making version of the pathfinder model. The first stage of the image-building process occurs when the CEO brings together a group of top executives to design a vision for the

organisation. As a catalyst for building an organisation's desired reputation, the vision statement must be 'sold' throughout the organisation by the CEO. A prime example of such a CEO is Keki Dadiseth of **HLL**.

From research conducted on the impact of CEOs on the desired image of organisations, it is apparent that the CEO must be actively involved in designing a desired image for the organisation. This positioning theme is the critical link in the chain of activities needed to gain competitive advantage. If the CEO does not understand what the organisation wants to stand for, then it is unlikely that employees can communicate a desired position for the organisation to customers and other stakeholders. In a competitive market, no clear image and value proposition usually means that the organisation's reputation will be of less use as a strategic marketing asset.

*(Excerpted from the workbook of PR Pundit's workshop held in Mumbai on June 14, 2001)*