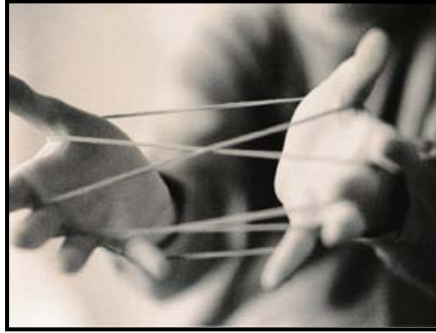


The New Public Relations Agenda and Architects of Change



GAGEN MACDONALD

April 30, 2009

The new public relations agenda

- What is the role of the Communications function?
- How is it evolving? What forces and dynamics are shaping the evolution?

Drivers of change



Source: Authentic Enterprise, Arthur Page Society, 2007

3

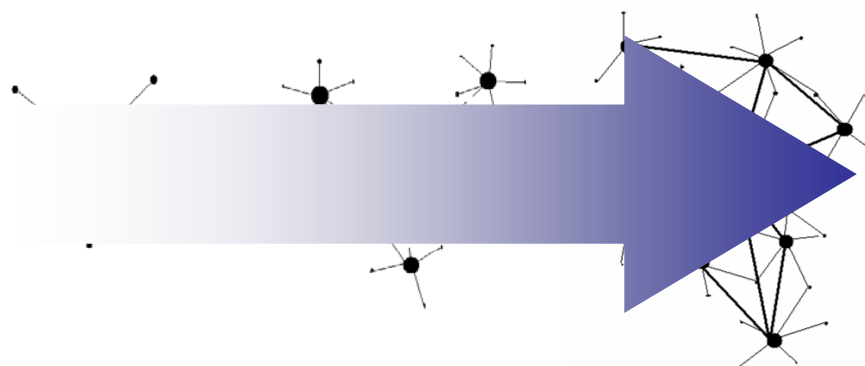
GAGEN MACDONALD

Globalization

International Corporation

Multinational Corporation

Globally Integrated Enterprise



Source: Authentic Enterprise, Arthur Page Society, 2007

4

GAGEN MACDONALD

The digital network revolution



Serving 100 million videos per day with more than 100,000 videos being uploaded daily.



Inhabited by over 12.2 million residents from more than 95 countries and 7 continents



U. S. teens spend 60% less time watching TV and 600 percent more time online. U.S. online video watching hit 14.3 billion videos a month in December.

facebook

Facebook says it has 175 million active users, up 25 million in the last month. My Space estimated at 110 million active users.



As of December 2008, Technorati had logged 133 million blogs; records 900,000 new posts every day.



1 billion camera phones shipped in 2008

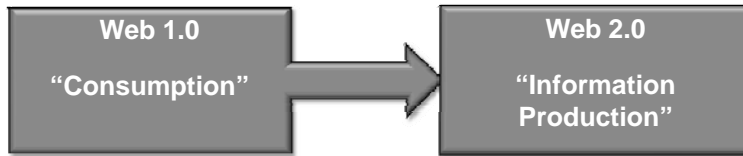


December 2008 survey finds 11% of online adults use Twitter or a similar service, annual growth rate of 750%

Source: Authentic Enterprise, Arthur Page Society, 2007, Jeremiah Owyang, Pew Research, Forbes, Facebook, Technologist, Technorati, Facebook

GAGEN MACDONALD

Stakeholder empowerment



The Association of BellTel Retirees Inc.

6

Source: Authentic Enterprise, Arthur Page Society, 2007

GAGEN MACDONALD

Towers Perrin Global Workforce Study 2008 Employee Engagement is Global

EMPLOYEE ENGAGEMENT LEVELS WORLDWIDE			
COUNTRY	% Engaged	% Enrolled	% Disenchanted or Disengaged
GLOBAL	21	41	38
MEXICO	54	30	26
BRAZIL	37	38	25
U.S.	29	43	28
BELGIUM	13	47	40
CANADA	23	44	32
GERMANY	17	47	36
RUSSIA	18	46	37
U.K.	14	42	44
SPAIN	19	35	46
SOUTH KOREA	8	45	47
FRANCE	12	41	47
NETHERLANDS	13	47	39
CHINA	16	51	33
ITALY	11	40	49
INDIA	36	46	18
JAPAN	3	25	72

GAGEN MACDONALD

How well are companies connecting?

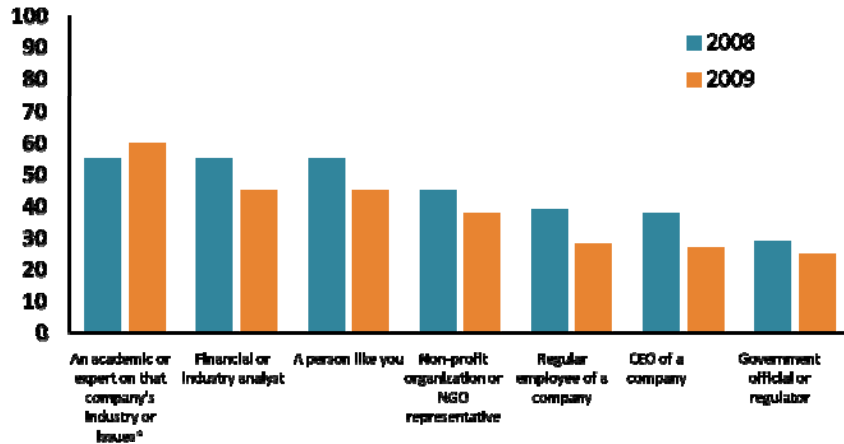
"Which of these industries do you think are generally honest and trustworthy – so that you normally believe a statement by a company in that industry?" (Harris Poll, November 2007)

Industry	2003	2004	2005	2006	2007	Change 03 - 07
Supermarkets	40	42	39	34	32	-8
Banks	35	40	34	31	30	-5
Hospitals	34	35	34	28	28	-6
Computer software companies	22	25	22	23	17	-5
Computer hardware companies	27	29	27	20	18	-9
Airlines	20	22	17	16	11	-9
Packaged food companies	23	23	21	14	12	-11
Car manufacturers	14	18	13	9	11	-3
Pharmaceutical and drug companies	13	14	9	7	11	-2
Life insurance companies	11	15	10	11	10	-1
Telephone companies	12	13	11	10	10	-2
Health insurance companies	7	9	9	7	7	0
Managed care companies such as HMOs	4	5	5	4	5	+1
Oil Companies	4	4	3	3	3	-1
Tobacco companies	3	4	4	2	3	0
None of these	37	32	37	40	44	+7

GAGEN MACDONALD

Credible Spokespersons

Source: Edelman Trust Barometer



*Asked as "an academic" in 2008

Note: Responses are informed publics ages 35 to 64 in 18 countries; "extremely credible" and "very credible" responses only

GAGEN MACDONALD

"Please tell me how you would rate the honesty and ethical standards of people in these different fields"

Very high/ High %

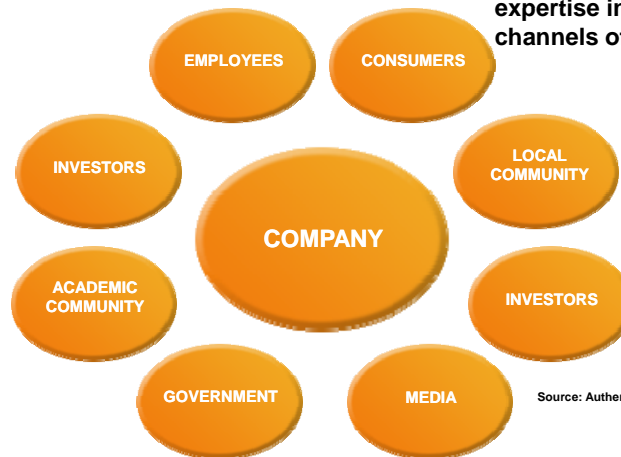
Nurses	84
Druggists, pharmacists	73
Veterinarians	71
Medical doctors	69
Dentists	62
Engineers	61
Clergy	58
College teachers	58
Policemen	54
Psychiatrists	38
Bankers	37
Chiropractors	36
Journalists	26
State governors	22
Business executives	18
Lawyers	18
Stockbrokers	17
Senators	15
Congressmen	14
Insurance salesmen	13
HMO managers	12
Advertising practitioners	11
Car salesmen	7

10 Gallup Poll. Dec. 8-10, 2006. N=1,009 adults nationwide. MoE ± 3.

GAGEN MACDONALD

Stakeholders

- We used to control messages about our company
- We used to segment communication carefully to targeted audiences
- We used to have distinct expertise in and control over the channels of communication



Source: Authentic Enterprise, Arthur Page Society, 2007

11

GAGEN MACDONALD

The authentic enterprise

- The enterprise must be grounded in a sure sense of what defines it (mission, values, principles, beliefs).
- And those definitions must dictate consistent behavior and actions.

In place of the voice of “authority”, stakeholders demand proof of *authenticity*

Source: Authentic Enterprise, Arthur Page Society, 2007

12

GAGEN MACDONALD

Implications for the profession

- Not only position, but **define the corporation**
 - Authenticity is the coin of the realm...
 - Values are the foundation of authenticity
- Not only develop channels of communication, but **networks of relationships**
 - Enable the corporation with new media skills and tools
- Not only change perceptions, but **change realities**
 - Activate values systemically across all stakeholders

Source: Authentic Enterprise, Arthur Page Society, 2007

13

GAGEN MACDONALD

Leadership is at the heart of authenticity

- Blurred lines between “inside” and “outside” communications
- Transparency of actions and policies
- Employees have an even greater impact on reputation

14

GAGEN MACDONALD

The new communications executive

Must assert leadership in:

- **Defining and activating values**
 - A values-based management system
- **Building and managing multi-stakeholder relationships**
 - Premium on collaboration skills
- **Enabling the enterprise with “new media” skills and tools**
 - Responsible policies and guidelines
 - Mastery of new analytic tools
- **Building and managing trust**

Source: Authentic Enterprise, Arthur Page Society, 2007

15

GAGEN MACDONALD

Choose your playing field

Business Strategies

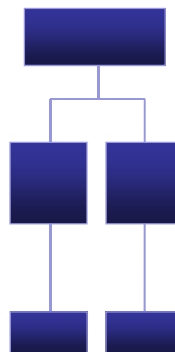
Situation, issues and opportunities critical to the company

Communication Strategies

Approach to achieving the goal, attacking the root causes of the current behavior and providing information, clarity and inspiration

Communication Actions

Specific tactics to execute the strategies, accountabilities and timeline



RESULT

16

© 2009 Gagen MacDonald

GAGEN MACDONALD

Choose your role

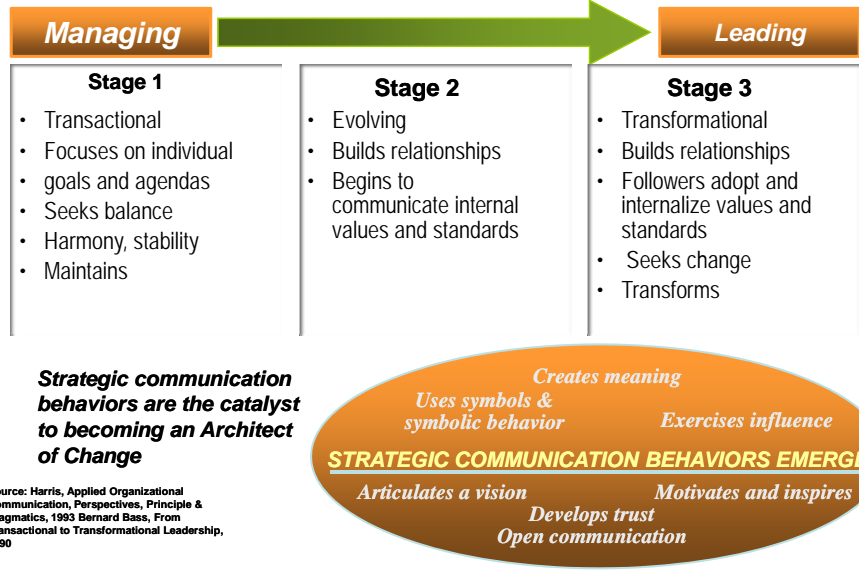
Role	Mission	Results Orientation	Capabilities Required
Business Driver (interactive) →	Strategic influence	<ul style="list-style-type: none"> • Integrative / cross-functional orientation • Measure results linked to business metrics 	<ul style="list-style-type: none"> • Business acumen; & communications expertise • Transformational leadership
Business Partner (proactive) →	Strategic communications	<ul style="list-style-type: none"> • Functional orientation • Measure outcomes 	<ul style="list-style-type: none"> • Communications expertise and business knowledge • Transactional leadership
Service Provider (reactive) →	Communications execution	<ul style="list-style-type: none"> • Task orientation • Measure output 	<ul style="list-style-type: none"> • Communications expertise • Management skill

17 © 2009 Gagen MacDonald GAGEN MACDONALD

As architects of change our role is to...

- Drive the business
- Galvanize the organization
- Embed new thinking and behaviors

Communication is at the foundation of transformation



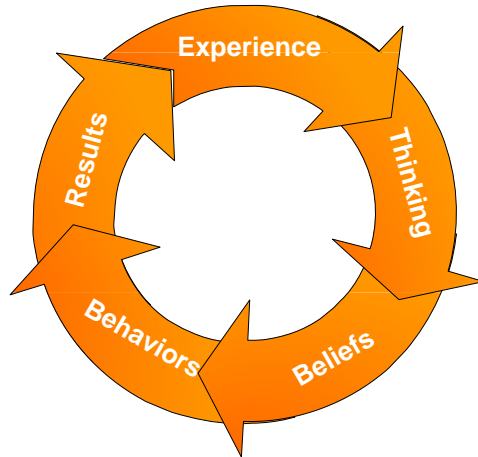
Connect Heads, Hearts and Hands



Source: Henry Mintzberg, The Fall and Rise of Strategic Planning, HBR Jan-Feb 1994

Connect heads, hearts and hands

Shift our mindset from informing and reporting to influencing and leading



Communication = Powerful, strategic tool to change stakeholder insights and drive employee engagement, culture change and business results

21

©2009 Gagen MacDonald

GAGEN MACDONALD

Address communication via multiple levels and channels

C C	Mass communications	<ul style="list-style-type: none"> • Print/Publications • Intranet/Portal • Conferences/Web casts • Video networks • Employee surveys • Senior leader support • Electronic/Web • Media Relation
	Intergroup communications	<ul style="list-style-type: none"> • Face-to-Face • Electronic • Manager/supervisor support • Listening • Dialogue & discussion • Feedback
	Interpersonal communications	<ul style="list-style-type: none"> • Listening • Coaching • Dialogue & discussion • Feedback • Electronic

22

©2009 Gagen MacDonald

GAGEN MACDONALD

CEO view of communications



- Prioritize inquiries
- Manage press & events
- Spokespersons
- Monitor reputation
- Crisis management

- Develop ideas & campaigns
- Messaging
- Monitor reputation across stakeholders
- Educate employees

- Collaborate with key Stakeholders
- Define and enable company values
- Shape strategic direction
- Measure results

CEOs feel that communicating their company's values has become more complex at the exact time that it has become absolutely essential.

Source: Authentic Enterprise, Arthur Page Society, 2007

23

GAGEN MACDONALD

The need to lead change is pressing

Top CEO Challenges Overall*

N = 769

Relative Ranking		Cite challenge as being of "greatest concern"
1	Excellence in execution	38.4%
2	Sustained and steady top-line growth	36.8%
3	Consistent execution of strategy by top management	31.8%
4	Profit growth	28.4%
5	Finding qualified managerial talent	27.2%
6	Customer loyalty/retention	26.3%
7	Speed, flexibility, adaptability to change	25.4%
8	Corporate reputation	23.7%
9	Stimulating innovation/creativity/enabling entrepreneurship	18.7%
10	Speed to market	18.2%

* Weighted by regional representation in global GDP (Asia, 21.7 percent; Europe, 35.1 percent; the United States, 28 percent; and other, 15.2 percent). GDP data from the International Monetary Fund, World Economic Outlook Database, September 2006.

Source: Conference Board, CEO Challenge: Perspective and Analysis, 2007

24

GAGEN MACDONALD

The evolving role of communications executives

- CEOs see their top communications executives as more valuable than ever, and they see the importance of communications for their companies as highly likely to increase in the future.
- The skills and attributes that CEOs are looking for in their top communications executives has expanded – experience in communications is taken for granted, and not considered enough anymore.

Source: Arthur W. Page Society, CEO Research Study, 2007 (conducted by Financial Dynamics)

25

GAGEN MACDONALD

The evolving role of communications executives

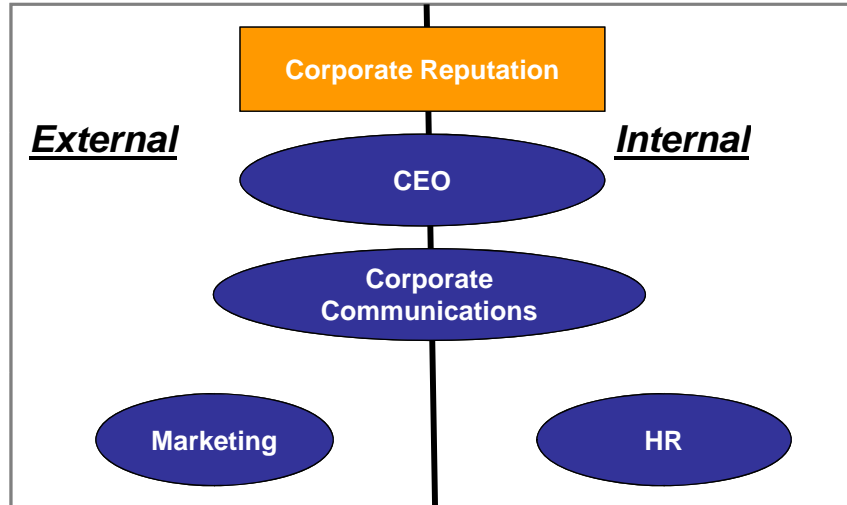
- CEOs see their communications chief as a critical part of their team, and across the board, there are categories of decision-making in which CEOs would consider it grossly negligent NOT to have that individual at the table.

Source: Arthur W. Page Society, CEO Research Study, 2007 (conducted by Financial Dynamics)

26

GAGEN MACDONALD

The Value of Our Perspective



27

© 2009 Gagen MacDonald

GAGEN MACDONALD

The Page Principles

- Tell the truth.
- Prove it with action.
- Listen to the customer.
- Manage for tomorrow.
- Realize a company's true character is expressed by its people.
- Conduct public relations as if the whole company depends on it.
- Remain calm, patient and good-humored.

28

Source: Arthur W. Page Society

GAGEN MACDONALD

Thank You

Maril MacDonald
President, Arthur W. Page Society
CEO, Gagen MacDonald

343 West Erie Street
Suite 600
Chicago, Illinois 60654

Phone: 312-640-9100
Email: m.macdonald@gagenmac.com