

An Overview of Corporate Communication

Communication was an activity that seemed to be an afterthought for many organizations not so long ago. Executives and managers planned and implemented mergers, corporate restructuring, quality improvement programs, and new product development with little or no preparation for how best to present these plans. Employees, vendors, stockholders, community leaders, and labor representatives often found out about their company's actions from the six o'clock news or the morning newspaper. Communication was a response to the business environment—reactive.

Business has become too complex, and all of the stakeholders in an organization's operations are too interdependent for an executive to make plans without considering the strategic value of communications in day-to-day activity and in the long-term vision of the corporation.

In an information-driven economy, communication is now more than ever a cornerstone in strategic planning. A clear understanding of corporate communication can provide the vision a company needs to move in the often murky atmosphere of contemporary business. Communication is a strategic element of an organization's success, a proactive effort.

Corporate communication is the term used to describe a wide variety of management functions related to an organization's internal and external communications. Depending on the organization, corporate communications can include such traditional disciplines as public relations, investor relations, employee relations, community relations, advertising, media relations, labor relations, government relations, technical communications, training and employee development, marketing communications, and management communications.

Many organizations also include philanthropic activity, crisis and emergency communications, and advertising as part of their corporate communication functions.

Emerging technologies such as the Internet and the World Wide Web are becoming new multimedia manifestations for corporate

communication. These new technologies underscore the global character of communication.

In practice, corporate communication is a strategic tool for the contemporary corporate executive to gain a competitive advantage over competitors. Executives use it to lead, motivate, persuade, and inform employees and the public as well.

Corporate communication is more art than science. Its intellectual foundations and body of knowledge began with the Greeks and Romans—with rhetoric. Its foundations are interdisciplinary, drawing on the methods and findings of

- anthropology
- communications
- language and linguistics
- management and marketing
- sociology
- psychology

The people who perform these functions may have a variety of technical and professional backgrounds. But most have a firm grasp of the communication process, both written and oral, in a variety of contexts, from press releases to videotaped instructions; from a speech at a professional conference to a meeting of the local PTA; from a letter to a disgruntled customer to a letter to the editor of the *Wall Street Journal*.

The messages and actions put into motion by these professionals, like any in a successful business, are part of the company's strategic plan and are intended to achieve clear goals and objectives for the corporation.

CORPORATE COMMUNICATION AND ITS STRATEGIC IMPORTANCE

Communication has become vital to the health and growth of almost every business since our economy has firmly established itself as being information based, rather than manufacturing based. Customers, employees, investors, suppliers, and the general public now expect a high level of communication and candor from the companies that make and sell their products and services in the community.

In an environment that extols the virtues of decentralization to meet customers' needs quickly, many corporations consolidate their communications. A central group is responsible for developing, projecting, and maintaining the corporation's image and culture. The value of a

central management structure for communication makes sense for many organizations, particularly ones with global operations.

A communication group within an organization can set policy and guidelines for written and oral communication. It can also develop training for the entire organization so its decentralized operating and functional elements can create a basic communication expertise for its own autonomous activities and still maintain the larger corporate image. Corporations centralize communications to meet the strategic goal of developing and perpetuating a corporate image and culture through consistent and coherent messages through various media, from face-to-face contact to print to video.

Executives can also use a corporate communication structure to manage the considerable complexity in the tools and the media for communications within the corporation itself through

- computer networks
- digital media (multimedia)
- corporate TV
- fax
- E-mail

Corporations also require a central corporate communication capability to communicate with the media on a routine basis, as well as in emergency and crisis situations.

Communication with various publics, both local and global, is more consistent and effective when the corporation delivers it with one clear voice. A central capability is useful for that and is essential for global operation. The need to translate a corporate message into another language and culture brings communication into the strategy for any transnational activity, no matter how small.

Corporate mission statements and company philosophies are, in ideal situations, the products of executives who recognize the strategic value of a clear statement of what the corporation stands for, its goals and its practices. Clear understanding and articulation of the company mission is the cornerstone for building an image in the mind of employees as well as the general public.

The clear statement of the company mission builds the organizational culture among employees. Since the early 1980s, much has been written about corporate culture and its influence on the behavior of employees. How often do we hear of a company described in cultural terms, its shared values and beliefs? These same beliefs are often the center of advertising campaigns and motivational programs for employees.

A strong corporate culture also creates a recognizable and positive perception of the company among its suppliers, vendors, and customers.

The "equity" a company image and culture amasses is then part of its value as a brand-name product, stimulating customer loyalty.

A strong organizational identity is the result of a strong culture, and the other way around. It has become commonplace in the minds of company employees and members of the community that the perception of strength, and its reality, are one and the same.

A strong image and culture cannot be imposed on a group of people, but it can be nurtured. Numerous corporations, from American Airlines to Microsoft, demonstrate this strength every day and communicate it through their newsletters and press releases, annual and quarterly reports, advertisements, videos, speeches, and interpersonal contacts with internal and external customers.

DEVELOPING A CORPORATE COMMUNICATION PHILOSOPHY

Speaking of business and philosophy often evokes jokes about other such oxymorons: *business ethics*, *military intelligence*, *political integrity*. Nevertheless, large and small organizations that have a strong commitment to communications with employees and the community have a definite philosophy of communication. Though many companies would not call it a philosophy, they may refer to it as their communication policy, or mission statement.

In both cases, the philosophy may be articulated with statements of commitment to employees, customers, and other stakeholders, such as the following statement from Levi Strauss & Co. about its aspirations:

We all want a company that our people are proud of and committed to, where all employees have an opportunity to contribute, learn, grow and advance on merit, not politics or background. We want our people to feel respected, treated fairly, listened to, and involved. Above all, we want satisfaction from accomplishments and friendships, balanced personal and professional lives, and to have fun in our endeavors.

When we describe the kind of Levi Strauss & Co. we want in the future, what we are talking about is building on the foundation we have inherited: affirming the best of our company's traditions, closing gaps that may exist between principles and practices, and updating some of our values to reflect contemporary circumstances.

What type of leadership is necessary to make our Aspirations a Reality?

...

Communications: Leadership that is clear about company, unit, and individual goals and performance. People must know what is expected of them and receive timely, honest feedback on their performance and career aspirations.

Empowerment: Leadership that increases the authority and responsibility of those closest to our products and customers. By actively pushing responsibility, trust, and recognition into the organization, we can harness and release the capabilities of all our people.

(Quoted in *Harvard Business Review*, September–October 1990, 135)

The communications philosophy may also be implied in a company pledge, usually found in an annual report. The following appeared in the 1990 Annual Report of Bristol-Myers Squibb Company after the two pharmaceutical giants merged:

To those who use our products . . .

We affirm Bristol-Myers Squibb's commitment to the highest standards of excellence, safety and reliability in everything we make. We pledge to offer products of the highest quality and to work to keep improving them.

To our employees and those who may join us . . .

We pledge personal respect, fair compensation and equal treatment. We acknowledge our obligation to provide able and humane leadership throughout the organization, within a clean and safe working environment. To all who qualify for advancement, we will make every effort to provide opportunity.

To our suppliers and customers . . .

We pledge an open door, courteous, efficient and ethical dealing, and appreciation of their right to a fair profit.

To our shareholders . . .

We pledge a companywide dedication to continued profitable growth, sustained by strong finances, a high level of research and development, and facilities second to none.

To the communities where we have plants and offices . . .

We pledge conscientious citizenship, a helping hand for worthwhile causes, and constructive action in support of civic and environmental progress.

To the countries where we do business . . .

We pledge ourselves to be a good citizen and to show full consideration for the rights of others while reserving the right to stand up for our own.

Above all, to the world we live in . . .

We pledge Bristol-Myers Squibb to policies and practices which fully embody the responsibility, integrity and decency required of free enterprise if it is to merit and maintain the confidence of our society.

(Annual Report, Bristol-Myers Squibb Company, ii)

The written statement of corporate commitment to goals and values such as the statements of aspirations and pledges, is often the external manifestation of the communication philosophy. It is not necessary for the written statement to exist to have a philosophy, but if it does not represent some corporate behavior and belief and value system, its hollowness will be grossly apparent to everyone inside and outside of the organization.

Also, companies are now operating on a global scale, and a strong corporate communications philosophy can offer the foundation for a code of ethics that applies throughout the world. Working internationally places one under both United States and foreign laws and regulations. Most corporations have an ethics code with a section on international business ethics. *The Westinghouse Code of Ethics & Conduct* (1994) offers a fine model:

Employees conducting business internationally are required to comply with all applicable U.S. and foreign laws and regulations. Compliance with such laws, as well as company standards (including this Ethics Code), is required even if they seem inconsistent with local practice in foreign countries, or would place the company at a competitive disadvantage. The penalties for noncompliance can be severe, both for the company and for involved individual employees.

KEYS TO COMPLIANCE:

Don't Make or Offer Unlawful Payments or Bribes	The <i>Foreign Corrupt Practices Act</i> bars the payment or offering of anything of value to officials or politicians of foreign governments, and others, to obtain or retain business. It also requires proper accounting for transactions. The company has a specific policy concerning retention of overseas sales agents.
Abide by Import/Export Controls	A number of U.S. government controls restrict, to varying degrees, the import and export of goods, services, and technical information to various countries, as well as the re-export of U.S. products from other countries. Foreign

	countries may have similar laws that apply to U.S. products. Employees must comply with these laws applied to their businesses and products, and specifically by obtaining the necessary general or validated import/export licenses.
Adhere To U.S. Economic Boycott Laws	U.S. laws restrict trading with certain foreign countries, and prohibit U.S. companies from complying with certain boycotts imposed by other countries. These laws cover U.S. persons and can also apply to Westinghouse subsidiaries located outside the U.S. Anti-boycott regulations also require notification to the U.S. government of any boycott request received from a foreign government or official. Boycott laws, including the countries affected, often change and must be closely monitored.
Refer International Trade Law Questions to the Law Department	The application of U.S. and foreign laws can be very complex. Sometimes, U.S. laws conflict with the laws of other countries. When such conflicts appear in the conduct of your business, contact the Law Department.

In the 1980s and 1990s, quality improvement and reengineering programs swept organizations in this country—from government to defense, from pharmaceuticals to computers, almost every organization of any size has some form of reengineering program. Such efforts are change agents intended to make the organization more efficient and productive and, as a result, more profitable. Such programs emphasize teamwork and empowerment and strive to create and perpetuate a humane environment in the workplace.

Communication is at the center of a successful quality or reengineering program. Newsletters, pamphlets, magazines, in-house television networks, videotapes, and questionnaires are some of the ways companies communicate their values and beliefs. In addition to these “one-way” communications, organizations are now training their employees in methods of communication, problem solving, interpersonal and small group participation, and management skills that support the company culture.

In practice we see the philosophy at work in how an organization communicates with its employees, external audiences, the press, and foreign customers. We see how the corporation presents itself to the

world at large. Some signs—the company buildings, company vehicles, employee appearance—are easy nonverbal communications to observe. Others are harder to recognize at a glance—attitudes such as an innovative spirit, a commitment to community, and an understanding of the coexistence of fair play and competition. But these forces are shaping the corporation and are manifested in the organization's communications.

Corporate communication, from the perspective of an anthropologist, encodes the corporate culture. Corporations that do not value communication highly are doomed to wither. George Bush lost the 1992 presidential election, according to Peggy Noonan, Ronald Reagan's speechwriter, because the Bush administration failed to see the connection between words and deeds. ("Why Bush Failed," *New York Times*, November 5, 1992: A35 and "As Bush's Loss Sinks In, Finger Pointing Begins," *New York Times*, November 5, 1992: B5.)

Elements of corporate communication guide the development of

- a strong corporate culture
- a coherent corporate identity
- a reasonable corporate philosophy
- a genuine sense of corporate citizenship
- an appropriate and professional relationship with the press
- a quick and responsible way of communicating in a crisis or emergency situation
- an understanding of communication tools and technologies
- a sophisticated approach to global communications

Each of these is treated in the chapters that follow.