CEO COMMUNICATION AND THE FUTURE COMMUNICATIONS ADVISOR

NAVIGATING THE BUSINESS CONTEXT

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For decades, when two or more communications advisors in Denmark met up to discuss their work they would, at some point in their conversation, agree that business understanding was key to earning the trust of their top managers; and that their understanding of business had afforded them a seat at the table where strategic decisions are made.

But what do the communications advisors mean when they talk about business understanding?

This is the question we will discuss in this White Paper; the third in our series of White Papers exploring CEO communication and how the communications advisor advises the CEO. In a research project conducted by RelationsPeople and the University of Copenhagen entitled “CEO communication and the future communications advisor”, we have identified three interlinked meta-themes that we propose will determine the future success of communication advisors when advising the CEO.

In our first White Paper, we briefly presented the three meta-themes based on preliminary findings (Gravengaard et al. 2018). In our second White Paper, we investigated the relationship between the communications advisor and the CEO and described how this personal and professional relationship often develops over time via defining moments (Gravengaard et al. 2019).

In this third White Paper, we argue that the future communications advisor should understand and master four dimensions in the business context and that this understanding will enable him or her to better advise the CEO or, indeed, any C-level manager.

"It is important that the communications advisor understands the business, understands the institution and the landscape we navigate in. He also needs to understand the owners’ interests, the board of directors’ interests and the population. You know, all these are dimensions that I as a CEO need to navigate. It is absolutely crucial that the communications advisor understands these."

CEO, media industry
New job - new context

A major task for a newly appointed communications advisor is to understand the context in which he or she is going to navigate professionally. For a communications advisor who gets a new CEO, the task is to help the new CEO understand the context, not least if he or she has been recruited from outside the organisation.

“Today’s Corporate Affairs Director must act as an influential ‘corporate conscience’ as well as providing strategic direction and counsel that touches all aspects of the organisation and the external environment it operates in.” (Korn Ferry, 2019)

Taking a different perspective, it is also the business context that drives organisational change and changes of leadership. When CEOs change jobs they face a new business context and the increasing demands on top executives to deliver results to shareholders in highly competitive industries have shortened CEO tenure. In Denmark, the median tenure for CEOs at the Danish C25 index in 2019 is 5.5 years and the average tenure 5 years (Relations-People analysis, 2019). This is in line with international trends: the median tenure for CEOs at large-cap (S&P 500) companies was 5 years at the end of 2017 (Marcec, 2018). Looking back historically at the companies included in the US study, that figure has fallen by 12 months from 6 years since 2013.

Further, the communications advisors also change job and face the challenge of understanding a new business context. More than 25 per cent of the communications advisors participating in our research project have changed job or place of work within the past 12 months.
The goal for the communications advisor is the success of the business or organisation. Functional mastery of communication is seen as the price of admission for the advisor.

"My philosophy is that we are all business people before anything else. We are not a charitable institution. We are here to make the organisation a success. We are here because we are skilled communicators. That is the reason for hiring us. But our goal is to secure the success of the organisation."

Experienced advisor, manufacturing industry

All 37 communication advisors in our interviews agree that they and the communication department work with the ambition to support the business and the business strategy.

This requires business understanding and acumen. For some advisors this means being financially literate. For others it means that they understand the business drivers within the context of the relevant competitive landscape and can therefore act strategically.

"If you want to be a value-adding advisor within your field, you not only need to be skilled within your own field, you also need to be able to – how can I put it – be able to absorb the complexity [of the organisation, Eds.]."

Experienced advisor, professional services
Based on the analysis of our interviews with communications advisors, we suggest that a more accurate term is the *business context* rather than the *business*.

“It is extremely important for the communications advisor to understand the context they are in (...) The business is the context.”

CEO, industry organisation

We see this as more than pure semantics. In using the term *business context*, we propose to focus on the framework in which the communications advisor works. This context has both an internal aspect (the organisation, the communications department, and so on) and an external aspect (the industry, the marketplace and society at large). The communications advisor must continuously stay updated on developments and changes happening within the business context among both internal and external stakeholder groups as well as in society in general.

Thus, the communications advisor will often be the person with a 360-degree focus and a holistic perspective on both the organisation and the world surrounding it.

“I need to have a profound understanding of (...) the context (...) I need to be good at 'reading the organisation' – what [does it, Eds.] need? And what does my CEO need to do in order to be able to execute this?”

Experienced advisor, service industry
Based on the findings from our interviews, we propose to describe the business context at four different levels:

- The **micro-level** focuses on the communications function and the goal of setting up the communications function that matches business needs.

- The **meso-level** focuses on the organisation, its owners and the organisation’s internal key stakeholders.

Together the micro- and meso-levels constitute the internal perspective. Moving on to the external perspective:

- The **exo-level** focuses on the industry perspective, mostly at a national level.

- The **macro-level** focuses on the global and societal perspectives.

Our approach is inspired by Bronfenbrenner’s (1977) *Development Ecology model* depicting the ecological environment surrounding people – especially children – as consisting of interconnected systems (Bronfenbrenner 2005). His model facilitates a more nuanced and detailed understanding of the general context; and of the more complex world in which children find themselves, ranging from their families and homes to society at large.

Our argument is that we must always understand the individual’s role – in this case the communications advisor’s role – in relation to the context surrounding him or her at different levels (Christensen 2016) – in this case the business context in which the advisor operates. Thus, we have developed a model with four levels that can serve as a tool for analysing and explaining the forces underlying the professional practice and development of the communications advisor (see table 1).

Using concepts from sociology, this model describes the *structure* in which every communication advisor as an *actor* is situated. Giddens (1984) describes how every structure creates both possibilities and limitations to actors. We do not have such things as autonomous actors, nor do we have structures determining the actor’s every move. Instead we see a dialectical relationship between structure and actors where they affect, and are in turn affected by, each other.

If we take a closer look at the structural level – the business context – it consists of both structural elements that are open for actors’ elaboration or modification; and more given structural elements over which the actor cannot directly exert an influence (Archer 1988, 1995). By studying these structural factors, which provide a context of action for agents, we can thoroughly investigate how they shape interactions; and how these interactions in turn reproduce or transform the initial context.

When looking at the business context, the important questions become:

- How can the communications advisor navigate efficiently and effectively in this context of structural elements?

- How can the advisor strategically take advantage of the structural possibilities and limitations surrounding him or her?

In short, how can the communication advisor navigate the business context by responding proactively and reactively to the elements within it?

Below we describe how the interconnected micro-, meso-, exo- and macro-levels can be applied to understanding the business context.

**Table 1: The four levels of the business context**

<table>
<thead>
<tr>
<th>Level</th>
<th>Arena / context</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro</strong></td>
<td><strong>The global level</strong></td>
</tr>
<tr>
<td></td>
<td>· Culture, history, politics, religion and ideology</td>
</tr>
<tr>
<td></td>
<td>· Mega-trends</td>
</tr>
<tr>
<td><strong>Exo</strong></td>
<td><strong>The industry level</strong></td>
</tr>
<tr>
<td></td>
<td>· Partners, competitors, associations, regulators, unions and NGO’s etc.</td>
</tr>
<tr>
<td></td>
<td>· Customers, media and future employees</td>
</tr>
<tr>
<td><strong>Meso</strong></td>
<td><strong>The organisational level</strong></td>
</tr>
<tr>
<td></td>
<td>· General management, middle-management and employees</td>
</tr>
<tr>
<td></td>
<td>· Shareholders and board members</td>
</tr>
<tr>
<td><strong>Micro</strong></td>
<td><strong>The functional level</strong></td>
</tr>
<tr>
<td></td>
<td>· Role, objectives and KPIs of communications department</td>
</tr>
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<td></td>
<td>· Organisation</td>
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</table>
“The communications and marketing function – that is my team and our function – has only existed since 2013. Before that there was nothing. We are only five years old... so compared to my previous jobs, I spend more time on tasks that are more operational here.”

Experienced advisor, manufacturing industry

The key tasks for the head of the communications department are, among others, to establish the team, design and optimize processes, clarify roles and responsibilities and set the KPIs. But the most important task is to lay down the overall objectives and strategy for the function, enabling the communications function to support the business and the execution of business strategy.

This is not always an easy undertaking. However, a thorough understanding of the overall business strategy will constitute a solid point of departure for the communications advisor and the communications department when prioritizing activities.

An alignment with the business priorities enables the communications department to gauge the allocation of resources. It helps determine what activities to focus on, what competences to hire or develop, and what KPIs to aim at. On a more practical level, a detailed understanding of both the business and the priorities of the CEO will improve the ability of the department to develop the overall messaging or engage in the communication of quarterly results.

“To a large degree, I subsist on the relationships I develop with others [in the organisation, Eds.]. I depend on others to tell me things and I depend on meeting the right people in order to gain insight into what happens in the organisation.”

Experienced advisor, financial sector

The organisation, the business and the business strategy constitute important parts of the business context that the communications advisor needs to understand.

The advisor needs not only to understand the CEO’s agenda and priorities but also those of the entire executive management team. What are their individual agendas, which important coalitions exist, and which internal dynamics determine the decision-making of top management?

Getting to know people in the organisation below the executive management level gives the advisor important knowledge of what makes it “tick”; and enables him or her to build relationships and valuable alliances. For example, the advisors in our study often mention the value of having a good relationship with the organisation’s head of human resources. The meso-level of the business context also includes shareholders, board members and member companies depending of the type of business.

Stakeholder management enables the communications advisor to better understand and navigate the organisation and to “see round corners” on behalf of the CEO. The prerequisite is an interest in the business that goes beyond the communications advisor’s own functional area of expertise.

Knowledge of the different stakeholder groups, the business strategy and the CEO’s agenda not only improve the communications advisor’s ability to advice the CEO on his or her communication. When it comes to the production of communication and communication plans, the advisor will be able to make better decisions that are aligned with the CEO and the business strategy.
“I spend 90 per cent of my time communicating about the outside world to my organisation. And I spend 10 per cent of my time communicating about the organisation to the world.”

Experienced advisor, financial sector

A key function of the contemporary communications advisor is to understand the outside world and thus be able to represent an outside-in perspective on the organisation. The communications advisor must have a detailed understanding of many external stakeholders and their perception of the organisation and also be able to translate these insights into relevant perspectives for the communications function and for the business at large.

Key stakeholders include customers, business partners, competitors, future employees, the media, the political system, the unions, NGOs and the general public.

“The experienced communications advisor needs to know what is going on in the industry, what we are doing, what our competitors are doing, and what regulations we are subject to. Also, who are our stakeholders and what is their opinion of us?”

CEO, professional services industry

Furthermore, the participants in our research project stress that the advisor must have knowledge of the industry in general (including competitors) and its historical development, as well as current challenges facing the sector. Consequently, the business context is not limited to merely understanding the stakeholders.

Understanding the exo-level gives the communications advisor the ability to carry out efficient and effective stakeholder management, position the organisation, establish a thought-leader position, and create communication that supports the CEO and the organisation.

Also, the understanding of the outside world has become increasingly important, as both internal and external stakeholders expect companies to have a purpose that goes beyond that of making profit.
“We also have external issues – that is, larger meta-discussions which the leadership does not focus on because they are preoccupied with specific business questions. So obviously this is something we bring to the table: inequality is a huge theme. It can benefit our business and we already focus on it.”

Experienced advisor, pharmaceutical industry

Over the past years, the elements of the macro-level have become increasingly important to businesses. Previously, many companies asked the CSR manager to deal with CSR topics. However, the era of the independent company, isolated from society, is over. Companies in general have more than ever become integral parts of society with duties, obligations and commitments. A recent example is the emergence of the UN’s Sustainable Development Goals, which are broadly regarded as opportunities, whereby companies can show how they engage with the problems and challenges faced by society.

The macro-level consists of the socio-cultural level, containing aspects of culture, history, socio-economics, and ideology. The communications advisor must understand and be well informed when it comes to societal and global issues, ensuring an alignment between the organisation and the rest of the world. Trends, developments and patterns in ways of thinking, in consumption – or in living in general – eventually represent opportunities or risks for a given company.

Over the years, the risk-mitigation perspective has probably been the driving force. Companies want to avoid crises and to limit the implications of, for instance, austerity measures. Increasingly, however, as companies have become more familiar with understanding and navigating the greater world outside their control, the idea of this being a business opportunity has gained momentum. Understanding the greater themes, learning how to navigate proactively in the climate debate or demonstrating a sustainable business have become assets for a business. Therefore, the communications advisor must be literate in these wider themes on a macro-level.

“I mean we would like to demonstrate that our business contributes with more than just our bottom line. And I help our CEO communicate these messages.”

Experienced advisor, consumer electronics industry
What exactly will the communications advisor of the future look like? In this White Paper we have argued that a key to future success for the communications advisor will be the ability to effectively and efficiently understand and navigate within the four levels of the business context.

Although this seems rather straightforward, it is in fact a demanding task for the communications advisors we have interviewed. When discussing the topic with our 37 respondents, some of the challenges they describe are rather basic. Apparently, not all respondents are financially literate or have business acumen and therefore find it difficult to participate fully in business conversations with peers or top management.

This raises the question of which competencies will be indispensable for success in the strategic role of the future communications advisor. How should the experienced communications advisor who is successful in his or her job today prepare for the future demands from top management in order to enjoy continued success (or sustained employment)? And what capabilities should young professionals develop to make themselves a more appealing candidate for any future position as communications advisor to C-level management?

Based on our interviews with experienced communications advisors and CEOs, we will in a future White Paper investigate which competencies will be essential for both managing the relationship with the CEO and for understanding – and navigating in – the four levels of the business context.
CEO Communication and the Future Communications Advisor is the title of a research project currently being conducted by a team from the University of Copenhagen and the Danish communication consulting company Relations-People.

For our interview study, we have chosen two groups of respondents: experienced communications advisors and top managers (CEOs or equivalent). We aim to achieve new insights into their views on CEO communication and on the relationship between the trusted communications advisor and the CEO. We can then identify possibilities, dilemmas and best practices in their professional lives.

Desk research and interviews with 37 experienced Danish communications advisors took place in the second half of 2018. In late 2018 and early 2019, interviews with top managers have been conducted.

In this research project, we apply a system of co-creation for research, through which we aim to actively collaborate with practitioners, create new knowledge and expand our understanding together. Our goal is to establish a knowledge-creating relationship where both practitioners and researchers are engaged in a joint effort to identify, analyse and develop solutions for relevant real-world problems and dilemmas. The co-creation research process is explained in greater detail in our first White Paper (Gravengaard et al. 2018).

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Notes


Korn Ferry (2019): Rising to the Challenge: Defining Success in Corporate Affairs Leadership.


About RelationsPeople

RelationsPeople is a Danish, partner-owned communications consultancy. It works with clients in the private and public sector to improve their reputation, win market shares or change their organisation. One of RelationsPeople’s core competencies is leadership communication; and over the past 10 years senior consultants have provided a broad portfolio of advisory services within leadership communication to top managers and management teams in Danish and international organisations.

About the Department of Nordic Studies and Linguistics at the University of Copenhagen

The Department of Nordic Studies and Linguistics (NorS) has research, education and communication as its primary purpose. It is home to 1600 students and 160 members of staff comprising teachers, researchers, librarians, student assistants and administrative staff. The Department of Nordic Studies and Linguistics provides the setting for international research and education from BA to PhD studies within language, literature, media, culture and gender studies.

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