

Winning the PR Wars

by William J. Holstein

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CEOs must learn to manage the media if they want to influence how their stories are told.

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Chief executive officers are losing the battle of perception when it comes to stakeholder opinion. There's no clearer example than that of Robert Nardelli, the former CEO of Home Depot, whose reactions to protests about his US\$200 million-plus compensation package sparked a public relations disaster.

Other CEOs have also felt the sting of bad public relations — Hank McKinnell was hounded out of Pfizer, Lord Browne of BP was drummed out, and Bill Ford at Ford Motor Company quit under pressure. In each case, there may have been an underlying business problem, but the attendant waves of negative publicity took on the force of tsunamis.

The stakes are higher than just one figure's personal fate. The shellacking that companies receive, often over the issue of CEO compensation, knocks hundreds of millions of dollars off their market capitalization, hurting executives, employees, and investors. And the negative environment also fuels the efforts of activist shareholder groups, hedge funds, and private equity firms that may seek to force out CEOs and shake up boards.

The roots of the problem are deep. Most executives are not skilled at communicating with the media, and they do not enjoy it. They have often put the

wrong people in place to manage the public relations function. Furthermore, they have not structured their companies in such a way that they have the benefit of wise, ongoing communications counsel combined with timely, technologically savvy monitoring and response mechanisms. For all these reasons, too many CEOs are simply outmaneuvered and outgunned by adversaries far more skilled in influencing the media — both the traditional variety and the explosion of YouTube videos, Weblogs, and search engines.

How can CEOs respond to this changed media environment? Here are some suggestions:

Integrate communications with strategy. Given the rapid emergence of coalitions of critics, and in recognition of the increasing prevalence of real-time Internet-based media, communications can no longer be a sideshow. U.S. companies, from the board level down, will need to build communications concerns into their DNA. Boards will need to evaluate a CEO's communications style and effectiveness. And CEOs will have to recognize that they personally must address shareholders through the media. In preparation, candidates for the CEO slot and other high-potential leaders being groomed for leadership positions should have the benefit of media training and be exposed to media interviews on the way up the corporate ladder so that

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Manage You* (Harvard Business
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they are seasoned when they reach the top. CEOs also need to select senior public relations counsel and public affairs advisers whom they respect and who can see the business and the company's strategy through the CEO's eyes to understand the institutional story. Finally, CEOs must structure their organizations in such a way that these functions have real clout.

Take control of the story. CEOs can go on the offensive with their message. In fact, in today's highly politicized climate of opinion, it is essential.

In the personal realm, chief executives should reach out and establish relationships with key news organizations and the reporters who cover their companies. The best CEOs are also able to define the story by creating a set of issues that will catch the media's attention. This high-level message should mesh with the strategic vision for the company as a whole and have a direct but subtle connection with business goals.

One of the best examples of a CEO with a winning message architecture is William C. Weldon of Johnson & Johnson. The cover of the company's most recent annual report says simply: "Johnson & Johnson: Our passion transforms." Weldon's letter to shareholders begins: "Improving the health and well-being of people around the world is a vital and important business. It is perhaps the world's most meaningful business and, for that reason, attracts exceptional people who are capable, skilled, and possess a genuine passion for making a difference in people's lives." It is brilliant positioning, and the evidence is that both J&J employees and the media believe in this message. J&J has not gotten a free ride from the media; in 1982, the company faced a backlash after the deaths of seven people in Chicago were caused by cyanide poisoning of its

Tylenol pain relief medicine. But a news organization that went after J&J today would have to overcome the accumulation of goodwill that Weldon has generated. The onus on a reporter who wished to attack J&J for some perceived wrongdoing would be heavier than if the same reporter wanted to criticize, say, Halliburton.

Embrace electronic communications. Blogs, Web sites, social networking sites, and search engines all have huge implications for companies, because these channels threaten the loss of control over the flow of corporate information and over company brand names. Yet the vast majority of today's CEOs built their careers long before the Internet reached its current level of sophistication. "The CEOs of the largest 50 companies in the world are practically hiding under their desks in terror about Internet rumors," crisis manager Eric Dezenhall told *Business Week*.

What, then, should CEOs do? Getting early alerts about online activity around the world is essential. This means watching blogs and social sites, and being sensitive to "buzz." To blog or not to blog is another key question. Not everyone can be Jonathan Schwartz, CEO of Sun Microsystems, who maintains an extensive blog. Although Microsoft's top brass isn't blogging externally, the company does have 5,000 employee bloggers who engage with audiences online. Other companies, like Dell, have appointed "chief bloggers," whose jobs center on defusing complaints about Dell's service.

Because of the proliferation of media channels, companies must learn to engage in the public debate in a way that integrates various outlets, such as online, print, and television. The old days of just putting out a press release are long gone. David Neeleman, the former chairman of JetBlue, wrote an e-mail of apology to

every customer affected by his company's extensive flight delays in February 2007 and put a videotaped apology on YouTube, pledging, "It won't happen again." He then appeared on David Letterman's late-night television show, and that segment was also placed on YouTube.

The reality is that CEOs have real communications power, if they choose to use it. CEOs can draw on the media to enhance their global business and to spotlight their companies' contributions to the markets they serve. It is not inevitable that they become losers in the media wars. +

Resources

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