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“Integrating Strategic Communication with Public Affairs: When Public Affairs, Public Relations and Issues Management Converge”

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Why Integration Is Important

Douglas G. Pinkham, President The Public Affairs Council

The subject of integration of strategic communications and public affairs is really one of the most important subjects in this field. I think there are about four or five primary reasons that I want to touch on very quickly.

The first is the most obvious and that is that the public does not read organization charts. Everybody remember that!

Within a big company you've got your fiefdoms in communications, in government affairs, in marketing and finance and every place else. Everyone thinks they're crucial to the success of the enterprise, and everyone thinks that what they do is what's most important.

The public doesn't care. If you're telling Wall Street one thing and Capitol Hill something else and the news media yet another thing and your employees a fourth story, you're in for a lot of trouble.

There was a time a couple of decades ago where you probably could get away with that; in fact a lot of companies did. But not anymore.

And that leads me to my second point, which I find equally fascinating which is that in business school in particular, people talk a lot about brands? They talk about brand management, opportunities to cross market brands and so forth, and the value of brands.

For instance, people estimate that brands like Coca Cola are worth over \$60 billion dollars

not the company, just the brand and all the reputation that goes with it.

So in a time that brands are more important than ever, they're also more fragile than ever. And that's because of the Internet and the transparent world in which we live and do business. Because of this, if you do not have an integrated approach to all of your relationships and all of your messaging, at some point you're going to be in for a real crisis.

And I think some of the world's biggest companies have learned this the hard way.

The third point I want to mention, which relates directly to the field of public relations, is that because of all the changes going on in the news media, having an integrated approach is absolutely crucial. When I was in college, I wrote a senior honors thesis on the dangers of ownership concentration in the mass media. At the time — you remember those quaint days when we had newspapers — where Gannett was buying up all the small dailies and they bought Harris Polling and some others — and there was a lot of concern that a small number of media companies would control all of the communications in this country and that might not be a very good thing.

Well now that's not so much of a problem. What is a problem is that the big media companies are going out of business but we have more media outlets than we know what to do with. And those of you tweeting and blogging are, in essence, media outlets yourselves.

There are so many people who now have a platform from which to communicate that it is essential that you, as an enterprise, have a system for integrating all of your communications.

In addition, when you're dealing with the media — and those of you who work with the media know what I'm talking about - reporters like stories that focus on contrast and conflict, right?

In other words, the fact that you had a record quarter for earnings, that's not news. The fact that you predicted a record quarter but were off by a penny well, that's news, right?

The fact that you say that you're the most socially responsible energy company, that's not news. But if you did something that's not so socially responsible well then that becomes a story.

The quick example that I will give you — and this also proves the adage that no good deed goes unpunished — Levi's, a great American company, privately held by the Hecht family — they actually went public but the family didn't like the idea of being public and all that involved and they bought the company back, which is not inexpensive. One of the most responsible companies around. When every other clothing manufacturer and distributor was closing their American factories, they kept them open — in places like San Antonio, in tough neighborhoods with high unemployment — they did their very best to do what they could to help local communities.

So guess what happened? When The Gap closed its last U.S. manufacturing plant some years ago, the article in The Wall Street Journal was about two inches long. When Levi's finally, about seven years ago, closed its last American factory, it was on the front page of The Wall Street Journal. And that's because — not that they were hypocrites — but they had positioned themselves as a certain type of company out of great sincerity, yet in reality they couldn't live up to what they aspired to.

And so at this time when reporters are looking for those kinds of stories æ that contrast and conflict æ it surely helps if you take an integrated approach.

In addition, strategically, it helps to take an integrated approach because you can find allies, you can reinforce your messages between what you say in government relations, what you say to Wall Street, what you say to the media æ you can build coalitions and you can more effectively attempt to try to have a consistent system for communications around the world.

Now, as to why companies don't do this æ and I would hope by now you seem to think this seems rather obvious that you ought to take some integrated approach æ there are a number of reasons why.

One is æ it's human nature, to have tunnel vision æ you know, to focus on your job and what you do and not necessarily focus on what the person in the next office or the next cubicle is doing. And unfortunately in a lot of U.S. companies, are not created in an integrated way. These functions don't necessarily report to the same office or the same person and they may not even have a system for actively coordinating.

There was a time in this country, probably twenty years ago, when maybe 75 or 80 percent of the big companies did have all of these basic functions reporting to the same person.

In fact, if you go through Europe and Asia today, it's probably about 80 percent of the time you'll find big companies where one person has control of all of this.

But we actually do studies on this and right now the number has dropped just below 50 percent of big U.S. companies with an integrated system.

Now who can guess why this has fallen in the U.S. but not elsewhere? Any theories?

I think the villain here is McKinsey. Now that usually gets applause or a laugh.

All of the re-engineering that took place in the eighties, nineties and early 2000s æ you remember, those of you who are a bit older and worked in companies æ remember the adage that we want to get these functions closer to the customer, decentralize these functions like marketing communications and government affairs æ put them into business units. The heads of the business units can elect whether they actually even needed these functions æ whether they wanted to outsource them or use them at all. Well, in many companies, you lost control of the message.

It seemed like a good idea at the time.

I actually was talking to a guy from McKinsey a few years ago and put my theory in front of him & I also let him know that I blame McKinsey & and he said, —Well Doug, you know what we're recommending now? Centralization!“

It's like being a stock broker & they make money on the bottom too.

But that is a trend. And once you've done that & once you've torn it apart & it's hard to bring it back again.

So a lot of companies have created cross-department matrix reporting relationships and that can work very, very well. In fact, one of the things we do is advise our members on effective methods for trying to manage across different departments and we can provide more details on that if you're interested.

The final reason which I wanted to mention on why often you don't see government affairs and PR work together & and this is my own theory & and I think it's because, at a senior level, the Senior Vice President of Corporate Communications and the Senior Vice President of Government Affairs really do pretty similar jobs. They are at a highly strategic level, often reporting to the CEO and President, looking at reputational issues and public policy issues, so the jobs aren't that different.

But when you think about how they started their careers, most people in communications either had a communications degree, they were an English major like me, or they started as a journalist. If you work in Government Affairs, you probably went to law school or you worked on Capitol Hill, but you came from sort of a different background, focused on politics versus writing and reporting.

So at that level, people were fairly different. But the irony of course is, at a senior management, strategic level, the jobs just cry out for synergy. And I think that's one reason why we don't see it more often.

So I welcome your push back on any of these theories or if you have any of your own, I'd love to hear those as well.

Three Points on the Importance of Integration

Michael Fernandez, Vice President of Public Affairs, State Farm Insurance

Good public affairs are rarely accomplished without good public relations. In fact, to me the discussion that they should somehow be integrated seems so foreign because it seems so obvious.

I used to work for Senator Fritz Hollings from South Carolina and he had this wonderful Charleston brogue which I can't replicate here but I remember him having a conversation with somebody about these two committees that had similar jurisdictions but they were called something different. And he would say that in the Senate we have —foreign relations“ and in the House they have —affairs.“

It was humorous but the underlying objective of his comment was that really there isn't much of a difference.

Yes we can sit here and talk about public affairs as being focused more on government and public policy. But at the end of the day we can say, public relations is more about communications, but it comes back to how do we deal with relationships? How do we engage various publics?

And to do public affairs æ that government relations piece well æ requires really understanding who you're trying to reach, how you're trying to reach them, and in many cases, engaging them in dynamic ways. Which is also the same when we look at public relations more broadly with other kinds of business engagement.

So my first point is that good public affairs are rarely accomplished without good public relations.

Observation two is that issues take place in stages. And it's much easier to deal with an issue earlier than later.

There's a diagram that we use at State Farm with our executives, and essentially what it shows is that as you start with an issue, you've got lots of different activities and actions that you can take on and as you go out, there are fewer and fewer and they tend to be more reactive and more defensive in nature. And so what happens is it's like this snowball and that snowball is running down that hill a lot faster than you ever can get to it. So it's important that you grab it when you can.

And I've seen companies do this well and I've seen other companies do this not so well.

When you look at a crisis situation; one of the best that I saw in terms of managing through a crisis was Eastman Kodak Company. This was back in the 1980's when there was a plume of photochemicals that contained a believed carcinogen that had leached into an aquifer in a neighborhood that abutted Kodak Park in Rochester.

Kodak could have become very defensive. They could have fought off every effort by the State Department of Environmental Conservation to pay fines, to mitigate the situation, to deal with future regulations. But rather than playing hard to get, what they did was very openly engaged with the State Department of Environmental Conservation. They engaged the Attorney General. They engaged the Mayor of Rochester. They held town meetings in the communities themselves and those are difficult, they were not easy.

But they were thoughtful and they were sounding boards and the company very thoughtfully put together this neighborhood improvement program whereby they literally would buy homes from people in that neighborhood and despite the fact that the science said that there wasn't a problem, that there wasn't a health issue. But they knew that they were dealing with something larger than a health issue, larger than any legal issue and that was the reputation of that enterprise.

After all, how many of us have heard the term —Kodak moment,“ and associated it with weddings or kids or puppy dogs or another favorite pet?

They couldn't afford for this to become their Love Canal and Love Canal had taken place three or four years prior and just up the road, closer to Buffalo.

So they really engaged the community. They also and for those that they didn't buy the homes and they offered everybody a grant in order to re-do homes. It was like \$5,000 to \$10,000. And they also guaranteed the values of those homes for ten years and if later on they decided to opt out.

Kodak also used it as kind of transitional moment. Sometime there's this defining moment in which new things can happen. What Kodak did was change out some eleven hundred chemical tanks and re-do all of the piping in this seven-mile facility, really spending a lot of money in education but also in rehabilitating all of their infrastructure. They said: —You know what, we need to go beyond that. We need to look at our other plants.“ And in addition that that, they partnered with the state and supported an effort that provided incentives to other businesses to re-tool older infrastructure.

They forged relationships and in part through a relationship they already had with nature photographers and National Geographic and they reached out to The Nature Conservancy, they reached out to The World Wildlife Fund and they had conversations. Those conversations led to unique programs that dealt with recycling and you remember the plastic caps that the film came in, those containers? They started to pay photofinishers to bring those back to Rochester so they could recycle them.

And then remember those cameras that we used to call —throwaways“ or —disposable cameras?“ For Kodak they weren't disposable at all! They were collected back at the photofinishers and they would pay money for them.

They actually had people with disabilities that would take those cameras & the shells, because at the photofinisher, they would just open it up, pull out the film and then they'd send us the casings & and then these people, what they would do is they would mark on the inside how many times that casing had been used & and they'd be used up to eight times, they'd just be repackaged with new film. And then they would be & with a new outside wrapper & be packaged and sent out to the marketplace. They'd be out there at least eight times before then they would get ground up and melted to make into new casings.

So a phenomenal story of what you can do. But I've also seen companies that have done things absolutely the wrong way.

I worked for a period of time with CIGNA. And CIGNA at the time had a financial services division and they had a re-insurance business. And they had re-insured these products that were variable annuities. To be more precise, they were called variable annuity death benefit accounts, VADBAs. And what VADBAs did & and they were predominantly sold by other life insurers & so that you'd have The Hartford offer you a life insurance policy that would increase in value each year as a certain stock index improved year over year.

Well from the great depression until about 2000, the average increase per year in the S&P 500 was somewhere between 5-7% per year, pretty nice. What would happen is every year at the annuitant's & the policy holder's & birthday, it would increase in value by what the change was at that point in time.

What they also guaranteed to the policy holder is that it would never reduce in value and they insured the differential through their re-insurer, CIGNA. CIGNA had billions of dollars of this business.

In 1999 and 2000 the bottom fell out of the stock market. It was the great hit that was taken in the technology stocks. Those of us who knew about the product line argued with the Chief Financial Officer that we needed to get out in front of this, that we needed to explain what we had, that we probably needed to put a financial hedge in place to limit our losses.

He was convinced that somehow the market was going to come back. He was convinced that we could sort of glide, we could kind of miss the mark here. And besides, we probably wouldn't have to pay out that many claims this particular year.

Two years later, in 2002, the company finally put a hedge in place. That hedge alone cost the company more than \$700 million dollars.

At that point in time, the SVP of Public Relations for the company argued with the CFO again and said, —You know what? What we need to do is we need to give the stock exchange a heads up because they may need to stop trading when this information gets out into the marketplace. And two, we probably need to schedule a call with our Wall Street analysts so they will better understand what has happened, why the hedge is put in place, how we're reducing risk, as well as begin to set in course the wherewithal that senior management can gain back the respect of Wall Street.“

Again, he said, —No I don't think so. I think we can get away with just a simple release explaining what it is.“

So we put out the news release hours before the market opened. The market opened and almost immediately the market had to close trading on CIGNA. During the days and weeks after, the stock price ended up losing about two thirds of its market capitalization in the marketplace.

Now the CFO would tell you æ the former CFO would tell you today æ that it was simply a function of having made the wrong business decision in the first place and we were going to take the hit anyway.

The Senior Vice President of Public Relations would tell you the fall probably wouldn't have been as deep and the reputation scars as tough as they were æ and he just did.

So, as you play through this, keep in mind, it's always easier to address things on the front end of that snow ball æ it's much easier to grab it æ than it is later on down the line.

The last observation that I'll make is that I've had the great experience to sit in classrooms and see professors talk about PR models and how different processes work in practice. For the last several years I've been one of the individuals that has sat on this case studies competition that is judged by the Institute for Public Relations as well as the Page Society, and what's always fascinating to me is that when we're in that classroom and we're looking at PR models, all too often æ like you've seen probably the RACE model right? Where they go through and essentially they say it's assess, plan, do, verify and I guess RACE is research, action, communicate and evaluate. But very few things in life are that neat.

There are many of the challenges that we have to deal on a day to day basis. You get into these situations where it's not just a three ring circus, it's a thirty three ring circus and it's pulling you in all directions at once.

So, to summarize, keep in mind that good public affairs really requires good public relations that issues take place in stages and it's easier to tackle them earlier rather than later, and lastly that good public relations is neither linear nor neat.

Two Functions Tightly Knit

Arthur E. F. Wiese Jr., Vice President of Corporate Communications, Entergy Corporation

I have been endlessly puzzled in the corporate world about why so many companies keep these two functions of government relations and public relations at arm's length, why they don't see the natural affinity they have for each other.

In fact, it may be just because I've spent most of my professional life in and around Washington that I look at this the way I do. But to me, those two functions need to be as tightly knit together as the fingers in a catcher's mitt. If they're not, particularly in the area of crisis communications, you're in for quite a problem.

I have had the unenviable experience in my career æ first in the oil industry as a corporate communicator and then in the electricity industry æ of going through a great number of crises of varying types. You know, a crisis can be many things.

I've been through financial ones like the collapse of worldwide oil prices in the mid 1980's. If you can believe it, I saw oil prices hit seven dollars a barrel. Last year they were at one point \$150 a barrel.

I have been through collapsed mergers where the two CEOs ended up blasting each other personally and on the pages of The Wall Street Journal.

I have been through physical natural disaster type crises. Hurricane Katrina and Rita in 2005 and then last year then Gustav and then Ike in 2008 æ four of the largest hurricanes to ever hit the United States æ and everyone of them hit part of my utility company's service territory and devastated it.

I have been through political crises. I managed the coalition that beat the BTU tax in 1993 æ the first initiative of the new Clinton administration.

So I've seen this from a lot of different perspectives.

All of this has taught me why the integration of government relations and public relations is so vital if you're going to be able to communicate.

The word —communication“ is almost a misnomer because it's meant typically to be a very narrow notion of what the people who deal with talking to employees, talking to the news media, talking to these various other stakeholders in the company, are.

Lobbyists are communicators. Everyone who delivers the message of an entity æ a nonprofit entity, a corporation or whoever the sponsoring body is æ is a communicator.

The one thing that was constant in all these disparate crises that I have been through in my career was the necessity to project one voice, no matter who was doing the talking – the lobbyist who is button-holing a Congressman off the House floor, or the person who is making an editorial board visit to the New York Times, or anyone speaking to the employees – you have to stay on message. Message discipline I think is the most important example of why the integration of public relations and government relations is so vital.

When we were beginning the areas of human enterprise that produce people who become lobbyists versus people who become communicators is probably at the root of why lobbyists and communicators see the world so differently and sometimes keep arm's length from each other.

Most lobbyists I have known – other than perhaps an issue paper – don't want any paper at all to be involved in their discussions with politicians. It's not because they have some nefarious scheme at hand or some information that they would hate to see made public, it's because they're lawyers and lawyers are constantly trained, from the very beginning of their training, to look at the possibility of legal disclosure.

Communicators on the other hand, our whole raison d'être is information and data and persuasive communication.

So we come at these things from different worlds.

But perhaps the best example I've seen of why they should work together in a crisis situation is the instance I mentioned a moment ago about the campaign that I managed on behalf of really a big coalition of different industries and even entities as unique as the American Farm Bureau Federation and the Little Sisters of the Poor – were all locked in this coalition together – in opposition to the energy tax that President Clinton had proposed – after having promised during the campaign that he would not raise taxes.

We had huge obstacles in fighting that – this was his very first political initiative as a new President – a popular new President who had won by a significant margin over the incumbent President – he brought in with him large majorities in both the House and Senate. The bill to impose the tax was already moving through Congress and we were in the time period at the beginning of each Congress when ordinarily nothing's going on but organizational work.

Yet, in part because of the way we organized that campaign, in the space of three months, we had mounted a gigantic and successful advertising campaign, we had turned public opinion completely around from two thirds in favor of the tax to two thirds against.

We used a lot of practical – and this is something that I think the lobbying half of this entity learned from the communications half – we used a lot of very pragmatic, small examples of the impact. Like what happens to a school's budget when the gasoline that goes into the school buses is suddenly ten percent more expensive than it was when they set up that budget?

I did bring one little example along because in some ways this was the most effective thing we used, despite all the high priced pin striped lobbyists and people like me and all the advertising money we had and all of the grassroots organization and everything else that we had going for us.

This turned out to be the most effective thing of all. This little dog, if you can see him here. I believe it cost two dollars and fifty cents. We bought 535 of them, one for each Congressional office and he's got a sort of mouth that clicks down on something and so we stuck a little message in the mouth which says among other things that the American people can recognize a dog when they see it, including a "dog" of an idea, that this dog won't hunt, and don't let the BTU tax bite you.

Which seems like a silly and almost trivial, corny kind of idea.

When we sent this to congressional offices, even in offices where the Congressman was for the tax, we would oftentimes find this sitting on the desk of the receptionist and the first thing when someone came in the office would be this dog with the message still in the mouth and it was like a constant reminder to everybody who visited that office and every time the member of Congress went in the door and about the strength of the opposition here.

We mounted telephone trees with thousands of calls and all of the letter writing and all of the usual tools of getting the grassroots upset and nothing worked as well as this. So I would just say, never underestimate the value of simple ideas.

The lobbyists almost laughed this out of the room when it was first suggested.

I'd like to also say something about why my company, unlike a lot of others, does not separate these two functions and sees them as symbiotic.

Probably the best way to explain that is my own situation. When I first took this job ten years ago, I moved from Washington to the corporate headquarters in the city of New Orleans and lived there for three years. But I found that so much of my work was so tied into what was at stake in Washington for the company and we're a heavily regulated industry and that after three years, I moved back.

Now I still have an office in New Orleans and a secretary and most of my communications staff but I probably only spend a third of my time there. I now live in Washington again because what I do is really sort of a blending lobbying and public relations.

My office in Washington, where I spend two thirds of my time, adjoins the office of my opposite number, the Vice President for Federal Government Relations. We see each other every day. I meet formally with all of our lobbyists at least once a week, oftentimes more often than that. And we use our communications operations to buttress and reinforce the messages that we're presenting in Washington. Again, one voice, everybody says the same thing. Everybody stays on message.

As I said, we're a heavily regulated industry. We have to have relationships not just at the White House or on Capitol Hill but with that whole alphabet soup of bureaus and departments that I could run through a million of them from FERC to NRC to DOE, DOL, DOC, etc. it just really is acronym city here in Washington.

As a result of this focus, I'm much more of a Washingtonian than I am New Orleanian, even though I spend a third of my time there and have an apartment there, we are sort of joined at the hip. And my portfolio of responsibilities at the company, even though I'm no longer a lobbyist, includes not just the sort of standard communications functions, but some that are not always in my field.

I still run the grassroots organizing effort for the company. I still am in charge of opinion research. I'm in charge of a lot of what I would call building block functions of a truly integrated public relations and public affairs operation because we do have so much at stake here.

Our CEO was once pretty much a stranger to Washington, didn't like to testify, didn't like politics particularly, and was adept at running a big business. That has all changed as more and more of our issues are determined by government.

He's now here and I should say in explanation here that he is a dedicated environmentalist and a passionate supporter of controls on greenhouse gas emissions that's not very usual in the utility industry. He's been here I think six times this year to talk to Congressmen, to talk to the media, to try to raise the alarm about why he thinks something is well over due to address this terrible problem. He'll be back here next week as a matter of fact.

Our Board of Directors has sort of seen this light too. We now have an extended Board of Directors meeting in Washington every other year to address just how important these issues are to the company.

This extends to the State Government operations too. We have any number of state capitols where we use communications to reinforce the work of the lobbyists too, whether it's Albany and Boston or it's Austin and Baton Rouge.

I guess the thing I want to leave with you is that the government has become the final arbiter of how business operates in almost every conceivable fashion. And that's a trend that began perhaps with the administration of Theodore Roosevelt a little over a hundred years ago and my personal hero but it has extended through administration after administration, whether it's Republican or Democrat and it's not going to change.

We have in the new Obama administration, an administration that is very dedicated to regulation and to supervision and oversight of the economy. Probably more so than any administration æ at least since the Lyndon Johnson administration in the 1960's æ and perhaps Franklin Roosevelt's. That's not a partisan or political judgment on my part, it's just a fact.

And so while I may be that —Avis“ of communications executives æ at least in the Fortune 500 æ in being located primarily in Washington rather than at the headquarters æ I don't think I'm going to be lonely for very long.

Why Integration is an Important: Next Step for the Field of Communication

Margery Kraus, President and CEO, APCO Worldwide

I'm going to zoom out a little bit and talk about the functions of public relations and public affairs, and I'm going to tell you a little about what I do, so that you have context for this.

I'm a bit of a radical because twenty five years ago I started a company maybe because I didn't understand the difference in definition between public relations and public affairs. I just mashed them all together and built an organization that from its very origins, from its whole DNA, is an organization that integrates functions. We took this approach and have worked with about 500 companies around the world, looking at their problems and opportunities in a very cohesive and integrated way.

So we've seen the dysfunctional companies that don't integrate, where there are turf wars, and we've seen companies that are smooth machines that have their act together and really take things forward.

I want to give you a sense of perspective of why we did what we did and then talk about what's happening going forward and what I see, not only from a Washington perspective from where we're headquartered, but what we've seen in our twenty eight offices in twenty countries. These all started with the same premise that the way in which you make things happen is that you look at things in a very integrated fashion.

I like to say we're not surgeons; we don't —just do lobbying.“ We don't just do one function whether it's media relations or whatever æ but we're like a General Practitioner æ who tries to diagnose the situation or an opportunity and then bring the pieces together so that things can happen. Because if you're going to make something happen, you need to have the policies and everything in place, and then you need to condition the environment so people understand what you're talking about and then support what you're talking about.

It would be as if you're running a political campaign and you kept the candidate over there who's talking about his policies and then you somehow had people communicating over here who didn't hear what the candidate said about his policies. You'd never do that.

It's not just integration; it's actually teamwork that makes all this happen.

Now, I want to do a —fast forward“ from what is perhaps the accidental birth of this integration for whatever reasons in my company reasons to what's happening today.

I spend probably 70 percent of my time on the road, probably half of it outside the United States, working with companies that are trying to make things happen for the organizations but also dealing with the same external environment.

The importance of looking at a problem or an opportunity is doing so from the point of view of what you're trying to accomplish. What messages have to go to what people? Who are the best communicators for that? How do you engage their parties to support what you're doing? Where are the NGOs in this? How do you deal with the markets and protect your share price or your financing opportunities? How you put all of that together to have success is even more intense the farther you get from home base where people at least know who you are and, for better or worse, you have a reputation and you have some brand equity. When you go into places where those things don't exist and you're kind of starting from scratch is where this kind of ability to work in a synergistic fashion is even more important.

There are a couple of reasons why this is happening and it's all operating at warp speed.

We do a lot of research around the world — 80 countries — where we look at the DNA of companies and what the public expectations are of those companies — not just the public — but expectations of all their stakeholder groups.

The first thing I would say is that what you find today — especially with technology and everything happening much faster — is that it's no longer enough to just communicate.

If we think that what we do is that we express good messages, then that will not get us anywhere anymore.

What people's expectations are is that there's a new responsibility on the part of companies to have a dialog with different stakeholder groups — to listen, not just talk.

And so the ability to be able to listen and talk and to be able to do that in a cohesive way is something now that has to be factored into the way in which companies operate and the way in which we all do our jobs.

Understanding what people in these different constituency groups need and want or expect from you as an organization or as a company causes you to have to look at some of these things together.

Anecdotally, we once had a company where — they were fighting a battle in Washington about whether a certain kind of vehicle was a car or a truck — because it had to do with import quotas — and the Washington argument was that it was definitely a car, it's on a car chassis, it's this and that — and they released something at the factory talking about what a great truck it was — in the middle of this discussion. So getting all of this together is really important.

I think the second thing just to keep in mind is that the role of government in business has totally changed. This is not just a U.S. phenomenon but if you go around the world right now, we have very activist governments. They are re-emerging in terms of how they're interacting with business and so there is no such thing as a non-regulated industry. That every public company is now — there's a social compact — there's a way in which they're dealing with society.

Everybody is in the business of regulating business. And if you don't have a good way of operating & if you don't do your stakeholder engagement in the right way and map it all out & whether it's Washington or whether it's Beijing & you're going to run into a lot of problems.

Technology also adds to this and so the need for consistent messaging and the integration of these factors is even more important than it was before.

The third factor is that we're now in the world of what I would call —Globalization 2.0.“ It's a very different kind of globalized world.

Recently I attended a World Economic Forum meeting & and everybody was talking about how a new world (and this is scary for us but it's what is happening to big global companies looking for markets right now) with all the development is happening between the Gulf states and Japan, with China being in the center of this new world. The kind of growth that's happening in the U.S. is very different.

If you look at & just in 2006 and 2007 & 124 countries grew at the rate of 4% a year & 124 countries in this world grew at 4% a year. Now maybe they're starting from a much lower base but clearly the growth and the development and the dynamic is elsewhere.

Between 1990 and 2007, the global economy grew from \$22.8 trillion to \$53.3 trillion. This whole rate of growth, even in this depressed economy, is still very focused on things shifting to the East. And that presents some very different kinds of challenges.

Goldman Sachs right now is predicting that by 2040, the five emerging markets & China, India, Brazil, Russia and Mexico & together will have larger economic output than the G7 countries together do today.

These are just things to think about and especially because we have a lot of students in this audience. You can't have this discussion without an understanding of what's going on in the world around you.

All of this has been really increased by the recent recession. Even though we will come out of this recession, we will not go back to where we were. Nothing will be the same. We have a —new normal“ that we're dealing with.

So what does that mean?

This means that all these companies that we're talking about, as they look to grow their top line because they're public companies and they need a return for their investors, they're going to be looking at these markets. They're going to have to figure out where that growth comes from.

That growth is going to come from a lot of places where we do not know how to communicate.

So if we think we have a problem dealing with the Congress or dealing with the media in the United States and we have the Internet which doesn't give us any time to adjust because everything is now real time & everything is going very fast.

So in preparing yourselves, you need to be thinking about not just where these lines are and whether it's in this box or it's in that box, but really how do you become successful in this world where the challenge is really communications at the center?

Now I personally think this is a great opportunity because there's a war going on right now in our respective industries about things like who owns social media? Is it advertising, is it marketing, is it PR, is it public affairs, is it IT?

Well, social networking is going to have a lot to do with the way in which a lot of these things get solved. There are now more cell phones than landlines in a lot of countries. When you go to China, people have leapfrogged what we're doing here.

I think we are in a great position because if the expectation is about interaction and not just communication & it's what we're good at. We're good at listening and talking. And we're good at understanding these stakeholder groups. We should be seizing this opportunity to help define the future of this discussion about public affairs and public relations and how companies get engaged and how they move ahead.

In terms of skill development and how you take this forward & a lot of this is also going to be about building trust. Ultimately, when the public relations people are communicating about what the company is doing, how believable is that?

Companies have to be very authentic now. You can't just have your PR message. You have to actually —walk the talk— more than ever because you'll be caught out on it. Because that's what the new media does. You're all out there tweeting and doing other things. It's not some person announcing the news to a group of 60-year-olds & which is the average age now for the evening news. Scary.

We have to all be extremely authentic so this idea of how do you coordinate and build trust and organize these things is probably more important than ever.

I think that we all also have to learn to work across these brands and services & those won't be stove-piped either & because in a lot of these markets, these markets are just kind of developing and so you need to have that level of flexibility.

I think what we should all focus on a little bit is re-engineering of what this profession means and what this integration means.

Somebody told me that even elephants or pigs fly when things are going well and it's only when things start to get tight that people start re-examining things so I think we have a really good opportunity to streamline and to think about how we create the greatest value out of what we do.

I think that's the ultimate message of integration and that's why I'm so passionate about building a company now of almost 600 people doing that. Because I think ultimately that's how you get measurable results and move the ball forward.