

Golden Ruler Award for Excellence in Public Relations Measurement
“Using Measurement to Plan & Manage Stakeholder Engagement”
Comalco (Member of Rio Tinto Group) and Burson-Marsteller

EXECUTIVE SUMMARY

Comalco is a supplier of bauxite, alumina and primary aluminum to Australia, New Zealand and export markets. In 2000, opinion research indicated that perceptions of Comalco in Australia were in need of improvement. Comalco wished to improve relationships within its plant communities to support company expansion plans. Management’s goal for External Affairs was to provide “external communications, for the purpose of improving Comalco’s business through managing the company’s reputation.”

To measure and improve Comalco’s reputation, Burson-Marsteller New York initiated a unique Stakeholder Dialogue approach. Over 700 local government and opinion leaders were identified and surveyed. The survey collected data about issues important to stakeholders and their view of an ideal mining and minerals company. It helped benchmark stakeholders’ awareness of the company’s external initiatives and activities, and indicate where opinion leaders were receiving information about Comalco. In addition, interviews were conducted between Comalco managers and Gladstone community leaders, the site of major mining operations. This provided an opportunity for managers to listen, learn, and develop a dialogue and better relationships with opinion leaders, while removing some of the mystery surrounding the mining enterprise.

Survey results provided benchmarks, helped focus communications and create meaningful community programs. Community Needs Assessment research indicated that the following issues were of communal concern -- drug and alcohol abuse, healthcare, employment, youth activities and educational opportunities. Comalco published the results of the research and developed community outreach programs. Managers became more involved in community and charitable giving through existing programs and, in 2002, Comalco started a Community Fund in Queensland and Weipa.

Through the Community Fund, Comalco committed approximately \$527,792 (AUS) to community development in 2003. The Community Fund has committed \$1 million to the Gladstone community alone since 2002. In addition, Comalco has leveraged \$3.2 million in funding from other sources. Programs include job training and mentoring for young people; environmental reclamation, park and wetlands renewal; scholarships for nurses; major contributions for the first homeless men’s shelter in Gladstone; sponsoring after school sports programs; and many others.

In early 2004, Burson-Marsteller conducted a follow-up survey with the same stakeholders. The results were impressive.

- A 50% increase in perceptions of Comalco
- A 60% increase in Comalco’s overall credibility
- Overall, perception gaps were significantly lowered
- CSR: A 100% increase in awareness of H&S, Green & Healthy Schools
- Large increases in awareness of Community & Indigenous Initiatives

Reputation research, company communications and programs have enhanced Comalco’s image and furthered their business interests: A secure relationship with Gladstone has led Comalco to invest Australian \$2 billion in a new facility, and good community relations in Weipa have led to an agreement extending Comalco’s right to mine on indigenous lands.

Situation Analysis

In 2000 perceptions of Comalco, a miner and refiner of bauxite/alumina based in Australia and a subsidiary of the Rio Tinto company, were not as positive among decision-makers in Queensland, Australia as one would hope. The company had few well-developed relationships with opinion leaders, except those formed on an *ad hoc* basis. Therefore, management’s goal for External Affairs was to provide “external communications, for the purpose of improving Comalco’s business through managing the company’s reputation.” Comalco’s communication executives felt that their ability to meet this goal required a dialogue

with knowledgeable opinion leaders, those making policy decisions favourable, or at least neutral, to the organization.

The Company has significant operations in Gladstone, Queensland including investments in an aluminum smelter, alumina refinery and power station. Gladstone is a city of about 30,000 people and in 2000 Comalco was conducting a feasibility study on investing \$US 750 million to build a new alumina refinery in the region. The Company was at a crossroads, as they waited for a decision on whether or not the alumina refinery would be built at Gladstone. In addition to Gladstone, the Company had operations throughout Queensland including a large mining site in Weipa on Cape York Peninsula that was on ground traditionally owned by native Australians (Aborigines).

Objectives

- Understand the expectations and views of stakeholders critical to Comalco's success
- Improve stakeholders' perceptions and credibility of the company
- Maintain Comalco's operating license
- Provide a road map for the Company's external communications program

Audience analysis

To resolve Comalco's dilemma, Burson-Marsteller initiated a unique Stakeholder Dialogue approach, the premise of which is that it is in the *business interest* of a corporation to know as precisely as possible who matters to its operations, how to communicate with them, and what to say. The process started with building a list of around 700 critical stakeholders throughout the State of Queensland, including a significant number of leaders in Gladstone. The Criteria: opinion leaders from Government, Community, NGO's education, business and others who could impact the Company in some way or influence those who do.

Research/Planning

Next, Burson-Marsteller developed a survey that would be sent to all of the stakeholders identified. The survey collected data about issues important to stakeholders, and their view of an ideal mining and minerals company. It helped benchmark stakeholders' awareness of the company's external initiatives and activities, and expose where opinion leaders were receiving most of their information about Comalco.

The results of the survey were used to provide benchmarks and focus communications that would be ongoing with the entire stakeholder list. After reviewing the results, running various proprietary analyses, and segmenting the audiences geographically it became apparent that the reputation of the company and the credibility of its messages were the lowest in the community of Gladstone -- the very town in which the smelter feasibility study was occurring. It was decided that with the prospect of investing 2 billion dollars in a community where there was such a low view of the company, it was necessary to improve relationships with key leaders within the area and within the community as a whole. As part of an overall external affairs plan it was decided that if the ultimate decision would be to develop the smelter in Gladstone, a Community Fund would be established as an arm of Comalco but comprising a board of community leaders and company management.

Development of Strategy

Burson-Marsteller's Reputation Management team suggested that Comalco implement the *Stakeholder Dialogue* at the state level to enable a broad-based approach to engaging opinion leaders. The Stakeholder Dialogue offered Comalco an opportunity to develop relationships with key opinion leaders, engendering greater levels of trust among these leaders by maintaining communications with them. On a more "micro" level, a Community Needs Assessment (CNA) process was agreed upon for Gladstone. The CNA process provided an opportunity for managers to develop more personal relationships with opinion leaders in Gladstone, to listen to local leaders, develop a dialogue, and provide information about the corporation.

Budget

\$245,000 Total 2000 - 2004

Execution/Tactics

Communications

- Delivered targeted presentations on the survey results and the company response, to opinion leader groups (i.e. government) and employees
- Developed a report on the survey, with the company response, and distributed it to stakeholders
- Wrote and released three/four issues publications a year and distributed them to the stakeholders
- Publicized community and aboriginal activities outside of Weipa (i.e. to state/national groups)
- Reported on the results of interviews and the Community Needs Assessment survey in Gladstone
- Re-designed the company's website and posted reports, position papers and news
- Encouraged senior management to go into the community and talk about company goals
- Participated in town meetings and events

Corporate Social Responsibility and Community Relations Programs

- Launched a Gladstone community initiative, the Comalco Community Fund. Comalco contributed roughly \$1 million dollars a year to help fund projects that the community had identified as important in the Community Needs Assessment survey and interviews, addressing issues reported in the survey
- Developed new partnerships with universities, (i.e., to help develop careers for young adults) or with NGOs, such as an environmental initiative to help save an endangered bird

Set Benchmarks and Targets for Improvement

- Comalco's Program includes plan to re-measure in 24 to 36 months

Evaluation of success

In early 2004, a follow-up survey was conducted by Burson-Marsteller asking the same questions of the 700 opinion leaders. A few new questions were added to measure new aspects of Comalco's program. The results were impressive.

- A 50% average increase in perceptions of Comalco
- A 60% increase in Comalco's overall credibility
- An increase in the frequency of mentions of all company sources
- "Credibility" of Comalco sources is on the rise
- A 200% increase in Comalco's credibility in Gladstone
- From 2000 to 2004, overall gaps in awareness have significantly closed
- Regarding Comalco's programs, the agency found a 100% increase in awareness of H&S, Comalco Green & Healthy Schools, and large increases in awareness of Community & Indigenous Initiatives

Bottom-line Business Results

Reputation research, the resulting company communications and programs have enhanced Comalco's image and furthered their business interests: A secure relationship with the Gladstone community has led Comalco to invest Australian \$2 billion in building a Gladstone facility. Community relations in the Weipa area have been furthered, leading to the signing of a Western Cade Community Coexistence Agreement (WCCCA) extending Comalco's right to mine on indigenous lands, and other important Comalco partnerships at the government, business and NGO level have moved forward over the last three-to-four years.