

AUTHENTIC ADVOCACY

HOW FIVE LEADING COMPANIES ARE REDEFINING
STAKEHOLDER ENGAGEMENT



EXECUTIVE SUMMARY

Authentic Advocacy is the result of a two-year period of research conducted by the Arthur W. Page Society into how chief communications officers (CCOs) can best undertake stakeholder engagement that serves to achieve corporate objectives. The goal has been to gauge the latest developments in stakeholder engagement theory and practice and understand their implications for those leading, managing and advising the communications function.

This report builds upon the research put forth in the Page Society’s 2012 report, *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy*, with an emphasis on understanding how companies are putting the “Authentic Advocacy” component of the model to work.

Society conducted interviews with CCOs at five leading companies – Cargill, Chevron, Lundbeck, Southwest Airlines and USAA – to learn how they are facilitating stakeholder engagement that delivers strategic business value. The research produced nine findings and seven recommendations for how enterprises might approach the development of their own stakeholder engagement strategies.



In order to understand stakeholder engagement strategies that produce advocacy at scale, the Page

FINDINGS

The Fundamental Importance of Corporate Character

As we found in *Corporate Character* (2013), leading companies are increasingly working to ensure that their values are aligned with their actions. With heightened transparency of company decisions in today’s operating environment and stakeholders that are empowered to define a brand as much as (if not more so) than the company itself, it is imperative that an enterprise not only looks, sounds and thinks like its stated values, but also that it regularly performs to those ideals. The better a company performs in this respect, the more inclined stakeholders are to constructively engage with, trust and advocate on its behalf.

1. Clear, compelling character promotes belief and engagement. All five companies have taken steps to review, update or revalidate their identity, beliefs, values and/or purpose statements. All had deliberately considered their core values, expressed them succinctly and compellingly, and related them to their mission in a way that can be understood across the enterprise. This allows employees to bring those values to life, ensuring that this corporate character truly permeates throughout and emanates from the organization.

For USAA, the expression of its character includes three brand pillars: shared military values; financial strength and wisdom; and passionate member advocacy. These shared beliefs form the core of USAA's identity, which is complementary to its "mission" (a term deliberately chosen to resonate with military families) of facilitating the financial security of its members.

2. Broader span of control aligns culture and intensifies engagement. Where the communications function has a wider scope of control and/or influence, the enterprise is better able to devote attention and resources to deploying effective stakeholder engagement strategies. Ensuring that public affairs, government relations, internal and external communications, corporate social responsibility efforts and marketing are aligned with corporate character is essential to ensuring that values are expressed and consistently adhered to across all stakeholder relationships. The CCO whose responsibilities are broader than communications is optimally positioned to play a leadership role in ensuring alignment.

3. Corporate character shapes business outcomes. Findings show that the culture of the organization is a critical factor in determining how it will approach stakeholder engagement. One-to-one relationship building is a central component of Chevron's stakeholder

engagement strategy despite the global nature of its business. Cargill likewise commits itself to gathering stakeholders for "learning journeys" that help the company and its external stakeholders better understand one another's interests and concerns.

The research also found that corporate character informs a company's behavior amid transition or transformation. Lundbeck relied on its culture to integrate new employees and drive advocacy when it expanded its offerings to include psychiatric therapies. Southwest Airlines reinforced its culture of community when it acquired AirTran in 2011 by having its senior leadership visit AirTran headquarters on day one to personally welcome employees to the Southwest family. These actions exemplify the enterprise's corporate character and drive stakeholders' trust and support.

From Partisan to Partner: Building Mutually Beneficial Relationships

Stakeholder engagement is evolving beyond being a sub-division of public relations to a methodical, ongoing process that involves multiple functions across the enterprise. This evolution is moving companies past corporate philanthropy and toward more listening and collaboration, achieving mutual interests in a closer, more balanced form of company-stakeholder partnership. With a more deliberate approach, stakeholder engagement can help companies mitigate business risk and unlock new opportunities.

4. Stakeholder engagement today is a rigorous, disciplined and data-driven process. Greater access to information, combined with improved means for analyzing and understanding data, has transformed stakeholder engagement into a highly systematized, data-driven process. Several of the companies interviewed are surveying and monitoring the stakeholder landscape, sorting stakeholders into groups and prioritizing them

based on their value (i.e., their ability to affect business outcomes), orientation (i.e., supporter or opposition) and status (i.e., the degree to which they are active or passive). The company may have a unique stakeholder engagement strategy for each, with progress tracked to ensure the successful management of those relationships over time. In Chevron's case, two of its 13 operational excellence goals are tied to stakeholder engagement, and the company uses auditing systems consistent with those of other functions to report the status and success of its efforts.

5. Employees can be a company's best resource for building belief with external stakeholders.

An inside-out approach to engagement activates employees as powerful advocates by creating the conditions for them to personify the company's values externally. Employees are, after all, a company's best and most valuable "brand ambassadors." Enabling them to act as such – and do so authentically, in their own ways – helps to convey the character of the enterprise and inspire shared belief with external stakeholders. Southwest enables managers to give spontaneous spot bonuses to reward exemplary behavior. Lundbeck ensures that its character resonates with employees by encouraging them to focus on patients as individuals, getting to know them personally and learning about their specific needs. This sympathetic perspective and personal connection not only reinforces the relationship the company has with patients but also contributes to better corporate decision-making.

6. Partnerships are the basis for sustained belief and engagement.

We found that companies believe close, long-term, two-way partnerships are quickly becoming the more valuable currency in establishing trust and activating advocates. Lundbeck, in recognizing the limits of underwriting research and events, has pursued partnerships as a means for engaging with patient communities. This has earned the company a reputation among doctors, patients and others

in the healthcare community as one that is not only willing to provide financial support but also sincerely committed and actively engaged in making a tangible difference in the lives of patients. In turn, those stakeholders can support the company by taking concrete actions, such as advocating for policy change at the state and federal level.

7. Advocacy at scale is relative. Scale is not necessarily about large numbers of likes, follows, hits, letters or phone calls. While volume can help deliver results, mutually beneficial relationships allow companies and their stakeholders to achieve their respective goals over the long term. Cargill and Chevron work with NGOs and local community groups to build mutually beneficial relationships that inspire advocacy on behalf of their companies. Selecting the right stakeholders and engaging them authentically can be just as powerful as activating the masses.

8. Engaged stakeholders can help companies mitigate business risks and identify new business opportunities. Through partnerships with NGOs, Cargill is better able to address stakeholders' needs, resulting in a win-win-win for customers, the NGO and the general public. The close bond between USAA and its customers, forged around its commitment to supporting military families through its offering of financial service products, allows the company to create new programs that meet changing customer needs and make life simpler for those whose family members serve in the armed forces.

Challenges for CCOs and Companies

Despite the progress being made in establishing systematic, rigorous stakeholder engagement strategies, challenges do remain. Primarily, it is difficult to sustain engagement with internal and external stakeholders over time due to a variety of factors.

9. It's essential to sustain stakeholder engagement. Enterprises must have a commitment to engagement that begins at the top. However, there is not always a clear cut “owner” of stakeholder engagement efforts. CCOs must apply superb organizational savvy, diplomacy, persuasion and understanding of data if they expect to take a lead role in building culture and driving stakeholder engagement. This underscores a critical finding of our research: communicating aspects of culture and engaging stakeholders are two sides of the same coin. Engagement must be an ongoing process, managed in a coordinated manner and sustained over the long term.

SEVEN ACTION STEPS FOR ENTERPRISES TO BUILD AUTHENTIC ENGAGEMENT

Drawing upon the New Model and the research conducted with these five companies, we suggest the following action steps for enterprises to consider when seeking to build authentic stakeholder engagement and advocacy. These are divided into three categories.

Building Corporate Character

- 1. As a prerequisite to building strong stakeholder relationships, build a strong corporate character.** CCOs should begin by reviewing, updating or revalidating the enterprise's identity, beliefs, values and/or purpose statements, ideally using concrete, specific, memorable and even inspiring language that articulates its character.
- 2. Use organizational structure and collaborative processes to create an enterprise-wide commitment.** CCOs should be conscious of the need to exercise broad influence across the C-Suite to drive enterprise-wide commitment to activating corporate character and building deep, meaningful and lasting stakeholder relationships.

Establishing an Enterprise Approach

- 3. Build a rigorous, systematic and data-driven methodology.** Address stakeholder engagement through, disciplined, systematic approaches that leverage data analytics and new technology, taking into account diverse sets of stakeholders and the interests that drive them. This helps to lay a strong foundation for building shared belief and encouraging supportive actions.
- 4. Empower and enlist employees as your best resource for building belief with external stakeholders.** Employees personify corporate character and convey it to external stakeholders. Engage employees through social tools, incentive programs and other efforts that enable them to act as ambassadors of the brand.

Developing Lasting Partnerships

- 5. Focus on developing partnerships with stakeholders rather than one-off transactions.** Corporate philanthropy is but one component of external engagement. Move beyond transactional activities to long-term agreements based on shared belief and mutual commitments, marked by true listening and a genuine willingness to change in ways that build mutual benefit.
- 6. Recognize that scale varies depending on the nature of the stakeholder and the scope of the issue.** Today, everyone is empowered to be an influencer through social media, and scale does not necessarily mean high volume; the value of the engagement matters most. CCOs should recalibrate their approach to build shared belief and advocacy one stakeholder at a time, concentrating on those whose support is most critical.

7. **Be committed for the long term.** The best enterprises marshal a commitment to building lasting relationships, and that commitment should not waver. Stakeholders become advocates only when they become convinced that

they can rely on the enterprise over time. The same is true of building corporate character. These are not one-time initiatives but foundational components of enterprise strategy.

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