

THE ERA OF THE IMPERIAL CEO IS OVER

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Command and control behavior is no longer effective in today's business climate, neither is the absentee CEO. This kind of leader operates in a void by failing to engage strategic stakeholders critical of the company's behavior.

The Economist recently noted: "Effective communications skills are a relatively new requirement for CEOs, the result of the increasing intrusion of the outside world. A corporate leader must talk convincingly. Motivating employees requires a gift to present a clear vision persuasively. A leader who cannot inspire trust and convey authenticity will find the task difficult."

HARD POWER/SOFT POWER

There is an analogy for business leaders in the foreign policy model developed by Professor Joseph Nye, dean of the Kennedy School of Government at Harvard. He talks about the *hard power* of military force and coercion, while *soft power* is based on attraction and intellectual legitimacy.

Hard power, for CEOs, is making the numbers; soft power is about values, ideas and leadership. Soft power can inspire and justify corporate decisions, which may be based on hard power considerations. Effective CEOs and corporate leaders explain their decisions in the context of the company's vision and mission.

CEOs also need to exert leadership on the public stage, interacting with key players in government, the media, activist groups and the community. The CEO's absence from the stage surrenders the spotlight to all manner of opponents, from disgruntled employees to manipulative public officials to headline-grabbing plaintiff's lawyers.

STEWARDS OF CORPORATE REPUTATION

At the same time, CEOs must act as stewards of the corporate reputation. That reputation is the umbrella for workplace values, product excellence and social responsibility. They must forge relationships with multiple stakeholders based on continuous communications, respect and transparency. Elements of this model for CEOs include:

Media outreach. The key to effective corporate reputation is trust, built by regular interaction with strategic stakeholders. The media are critical links and channels to all of these audiences.

Effective communication relies on constant repetition of two or three messages in all kinds of media. Opinion leaders are much more likely to believe something they hear, see or read in multiple sources. Information "pings" around a sphere of cross-influence. Stakeholders consistently test the veracity of claims. This global echo chamber has forced all of us to form webs of trust—reliable sources we can count on.

In a world of continuous partial attention, a battery of spokespeople—from the CEO to credible third parties, such as academics or doctors, armed with consistent messages—can help add greater frequency of message delivery.

Employees are central actors. Because great companies are constructed from the inside out, employees are the key audience for CEOs seeking to build effective corporate reputation. The task of the CEO is to get employees engaged by communicating a master narrative that clearly articulates the company's vision and values. Regular reporting on progress toward that vision empowers employees to become

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stronger allies in achieving the mission by spreading the message to broader audiences.

Lead through crisis. A major crisis can be the crucible that reinforces or ruins corporate reputation. It is critical that the CEO be seen internally and externally as marshalling all appropriate resources to manage the issue at hand. The CEO becomes the face of the corporation, a rallying point for employees. For consumers, the CEO becomes the person to count on. Managed correctly, a crisis situation provides a unique opportunity to advance the firm's values and reputation.

STRONG FABRIC OF RELATIONSHIPS

Corporate reputation today is shaped by the interactions between and among an array of involved and empowered interest groups including employees, consumers, investors, industry experts, activists, academics, regulators and the media. Corporations now operate in a sphere of cross-influence, where ideas are continuously challenged and subjected to re-examination.

The conclusion is clear. A strong fabric of corporate relationships is necessary in today's complex operating environment. Lord Browne, group chief executive at BP, observed that while access to capital was the key differentiator in the 1990s, relationships will be the major source of strategic distinction in the 21st Century.

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