

WHAT DO CHAIRMEN AND CHIEF EXECUTIVES EXPECT OF THEIR COMMUNICATIONS DIRECTORS?



RESEARCH AND OPINION

# Communications A View From The Board

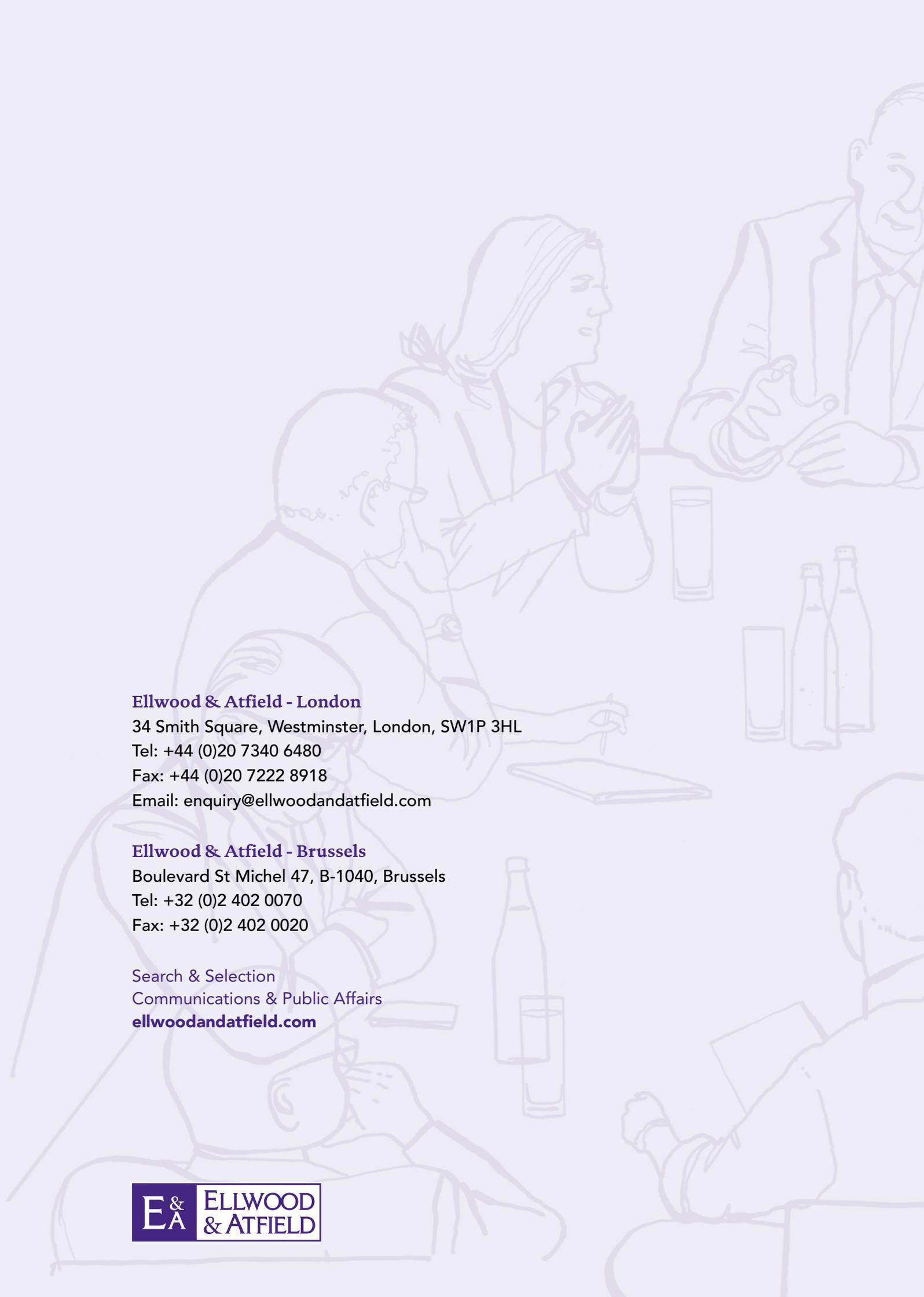
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A report based on interviews with Chief Executives and Chairmen of over 20 major UK-based and global organisations

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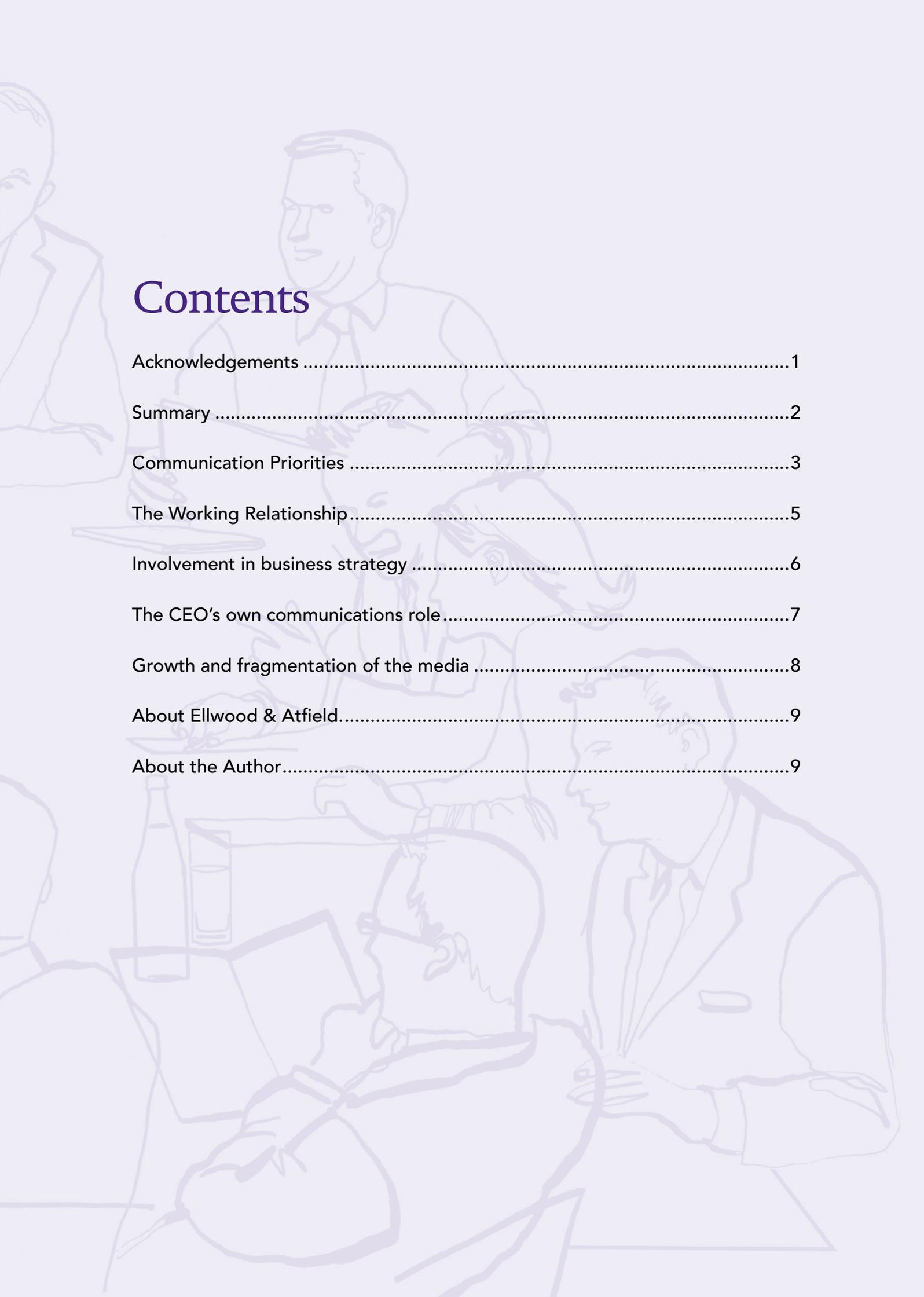
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A light purple line-art illustration of a business meeting. Several people are seated around a table, some looking at documents or laptops. The style is minimalist and professional.

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Donald Brydon CBE	Chairman, Royal Mail Group Chairman, Smiths Group plc Former Chairman, London Metal Exchange
Roger Carr	Chairman, Centrica Former Chairman of Cadbury's
Ian Coull	Chief Executive, Segro plc
Sir Christopher Gent	Chairman, GSK Former Chief Executive, Vodafone plc
Philip Green	Chief Executive, United Utilities
Anthony Habgood	Chairman, Reed Elsevier Chairman, Whitbread
Steve Holliday	Chief Executive, National Grid
Dennis Holt	Chairman, Liverpool Victoria Friendly Society Deputy Governor, Bank of Ireland
Dame Deirdre Hutton	Chair, Civil Aviation Authority Former Chair, Food Standards Agency
Ian King	Chief Executive, BAE Systems
Ian Livingston	Chief Executive, BT Group
Trevor Matthews	Chief Executive, Friends Provident Former Chief Executive, Standard Life Assurance
Julian Roberts	Group Chief Executive, Old Mutual
Sir Stuart Rose	Executive Chairman, Marks & Spencer
Hector Sants	Chief Executive, Financial Services Authority

## What do Chairmen and Chief Executives expect of their Communications Directors?

Chief executives and chairmen clearly recognise the value the communication function provides, whether through managing investor, media, government, employee or other stakeholder relations. However, when it comes to rating the relative importance of the individual disciplines within the function, views vary considerably depending on the organisation's particular circumstances. Moreover, many participants expect the communication focus to shift over time as their business interests, and the external environment, evolve.

Chief executives typically take their own role as the face of the company very seriously, and a surprisingly high number spend more than half of their time communicating with stakeholders in one form or another. They greatly value the role their communications director plays as a sounding board, and in providing stakeholder feedback, but their views differ starkly when it comes to the level and type of input that they expect their communications director to have to business strategy.

Views on the growth of new media also differ widely. Most participants agree that it is more difficult to manage or control communication about their organisation in such a broad and fragmented environment, but a few see the proliferation and fragmentation of the media as an opportunity for greater stakeholder interaction and more immediate feedback.



# Communication Priorities

*"As the business changes so will our requirements of Corporate Communications"*

*Philip Green, Chief Executive, United Utilities*

In most organisations, the communications director reports directly to the chief executive, which gives an indication of the importance they place on the function as a whole. However, the relative importance that both chief executives and chairmen place on the individual disciplines within the communication function varies considerably, with notable differences between sectors and operating environments.

In retail environments, considerable emphasis tends to be put on media relations, as this is seen as a direct way of building the brand, and an important channel through which to reach customers.

*"Products are sold under our brand so it matters what is said about us in both the consumer and the business press."*

In general, however, media relations no longer appears to have the eminence it once had in many communication functions, and in the majority of cases, equal, if not greater, importance is placed on other stakeholders including government, investors and employees.

Not surprisingly, those who operate in highly-regulated environments, or have government as a shareholder or customer, put more emphasis on government relations, but across all sectors this discipline appears to be rising in overall importance. One reason for this, cited by several participants, is the need to forge strong relations with the new coalition government in the UK following the general election. Others believe that governments in general are taking a closer interest in the commercial sector than in the past, and are willing to be more interventionist, so they feel the need to work harder at building these relationships, and ensuring mutual understanding.

*"Government relations takes pre-eminence. It is absolutely critical to our business. It gives us our licence to operate".*

A word of warning is sounded by some organisations, however, who feel that both media and government relations are better managed on a local, rather than global, basis using experts on the ground in each region or country.

*"External advisers are very tribal. They can talk expertly about the UK media or Whitehall but would not have the same depth of understanding about the Chinese government or media. The same is true of advisers in the US who can advise on Washington DC but not Beijing, Whitehall or elsewhere."*

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For a number of participants, the recent recession and the negative impact this has had on shareholder sentiment has made investor relations the top priority for the future. Others have more positive reasons for wishing to increase their investor activity, including business expansion, capital raising or other corporate activities for which they need shareholder support.

In several organisations, investor relations sits outside the communications director's remit, most commonly falling within the Finance function. However, it is seen by most chief executives and chairmen as an integral part of their organisation's communication strategy, and the respective functional leaders are expected to work closely to ensure their activity is aligned.

*"Investor relations will have to increase over the coming years because of the general loss of trust that all businesses have suffered in the last year."*

*"Investor relations is paramount. We have had two rights issues recently; one to bolster the balance sheet and one to fund an acquisition. Shareholder support is essential."*

While internal communication is rarely rated as the top priority, its importance is recognised by most participants, and several put it on a par with other communication disciplines. Its importance also appears to rise at times of change, although there is a recognition that it cannot be "turned on and off".

Several chief executives regard internal communication as a personal priority and take an active role in engaging with staff, whether through face to face meetings, online or in print.

*"At times of great uncertainty, it's important that we attend to staff morale and communicate honestly and frequently with them."*

*"Internal communication is supremely important in times of change. I write much of it myself."*

*"Internal communication is an important part of the CEO role. It's essential that we have a conversation with our staff and hear their views."*

While nearly all those interviewed found it relatively easy to prioritise their communication needs today, these are by no means set in stone. Most say the focus of their communication strategy has shifted in recent years, and a large number expect it to alter again in future as both the external environment and the organisation's overall priorities change. Communications directors who can draw on broadly-based experience, and flex resources according to changing business needs, will clearly be in demand.



# The working relationship

*"We must have absolute trust. I need someone with integrity, who doesn't play games, is a clear thinker and is straightforward."*

*Roger Carr, Chairman, Centrica*

Most chief executives and chairmen appear to enjoy a good working relationship with their communications director, and are clear what they want and expect from them.

While functional experience and good practical communication skills tend to be taken "as read" within the communications director's job description, many participants speak of the importance they place on trustworthiness, integrity and judgement. The ability to facilitate collaboration across the organisation is also highly valued.

Several chief executives see an increasing need for communications directors to demonstrate business and financial literacy in order to merit their place at the top table.

*"The Communications Director needs to be the eyes and ears of the organisation."*

*"The Communications Director and HR Director are my two direct reports who make judgement calls that can lead me to change my mind. "*

*"The requirement for the Communications Director to have a proper understanding of the business and its finances has increased in recent years."*

The ability to provide a line to the outside world and feed back on how the business is viewed both internally and externally is greatly valued, and participants commonly speak of the vital role their communications director plays as a "sounding board" or "sanity check" on business activities and strategies.

*"My Communications Director is the Sanity Test"*

*"The Communications Director acts as a sounding board and a catalyst for communicating our messages."*

# Involvement in business strategy

*"Communications should not be the tail that wags the dog, but it should certainly be part of the dog."*

*Dame Deirdre Hutton, Chair, Civil Aviation Authority.*

One area where views vary considerably among participants is in the communications director's role in developing business strategy.

Several chief executives expect their communications director to be actively involved in strategy development; however, a small minority feel strongly that they should not be involved at all, and should focus on "message crafting" after the strategy has been agreed.

*"The Communications Director takes delivery of the strategy and messages it. They are not involved in shaping the strategy."*

*"[He] advises on how we express things rather than what we do. [His] role is more about form than substance."*

Some participants say their Communications Director needs be one step removed from the process, to enable them to retain an external perspective, although the majority argue that it is essential for them to be involved, if they are to fully understand the strategy and how it has evolved.

*"I want [him] to act as a sanity check. If he was involved in formulating strategy he would become an insider and less objective."*

*"The Communications Director should participate in the development of the strategy as they need to understand the rationale and evolution behind it."*

For most, the answer lies somewhere in between, with the communications director having an input to strategy discussions, but with less influence than those running the day-to-day business.

*"The Communications Director should have a voice at the top table, albeit a less weighty one than the business managers."*

This divergence of views has clear implications for communications directors and those involved in recruiting them, who need to understand the role that is expected of them, and the specific skills, experience and knowledge that will be most valued in any given organisation.



# The CEO's own communications role

*"A key part of my job is creating a positive, motivated environment that allows people to flourish to deliver the agreed strategy. I must be able to communicate well to be able to do this."*  
*Ian King, Chief Executive, BAE Systems*

Chief executives are very aware of their own role as the face of the company, and of the importance of maintaining an ongoing dialogue with their stakeholders. About two thirds of those interviewed estimate they spend 30 per cent or more of their time communicating with their various constituents, and many of them believe they spend at least half of their time on communication-related activities.

*"It's the CEO's job to understand and listen to what the company's stakeholders are saying – that's a major part of communication."*

Chairmen typically spend less time communicating with the organisation's stakeholders, seeing this as primarily an executive function, but most expect to spend at least some of their time in meetings with shareholders or owners, and many take a keen interest in areas such as internal communication and corporate responsibility, ensuring these are regularly discussed and reviewed by the Board.

*"The Board takes the lead on Corporate Responsibility. This is not a communications issue – it's about the way you do business."*

*"Media relations is neither more nor less important as a result of the changes – just more difficult."  
Sir Christopher Gent, Chairman, GlaxoSmithKline*

Chief executives and chairmen are very conscious of the rise of social media, and of the proliferation and fragmentation of the media in general, and they recognise the increasing challenges this presents for communicating with stakeholders.

The speed and ease with which messages about their organisation can now move around the world is often mentioned, as is the difficulty of keeping track of discussions and conversations taking place about their organisation, often without their participation. As a result, many of those interviewed see the need for more proactive media monitoring and brand management than in the past, although not all have a clear idea of what this will look like.

*"It's a nightmare! As an organisation you cannot allow conversations about your company to take place that you are not part of, so we are doing a lot of thinking about this."*

Participants see the knock-on effects of this new media world on their relations with all stakeholders, from customers to employees, and several say that the skills and knowledge required to manage communications successfully in such a broad and fast-changing landscape are greater than ever.

In particular, the alignment of internal and external communication is seen as a key issue in an environment where messages can reach both audiences instantaneously.

*"We need a Communications Director in tune with the Zeitgeist, who knows how to use the media".*

*"Anything I say about the company can be transmitted around the world in seconds, so we have to ensure there is no mismatch between our external and internal communications."*

A number of participants point out that many customers, employees and other stakeholders with whom they communicate are now active social media users themselves, and want the organisation to engage with them in this way.

*"The generation of people we are recruiting use social media, and so should we."*

Despite the many challenges, several of those interviewed saw media expansion and the advent of social networks as a positive development, citing benefits such as the ability to target customers better, and to get faster and more frequent feedback.

*"I welcome the growth of social media. It makes it much easier for us to target and segment our audiences, and actually develop a dialogue with them."*



# About Ellwood & Atfield

E&A Search advises clients on their senior communication requirements, identifying and facilitating the appointment of high calibre candidates across the world from our offices in London and Brussels. The team has more than 100 years of industry and search experience. This enables us to understand your needs, the business-critical issues you face and match these to the aspirations and skills of our candidates.

Our rigorous search process starts with our dedicated in-house research team. They consult our local and international networks, coupling this with independent analysis of the market (including your competitors) to create a detailed report on the most suitable candidates. This work ensures that we have the information to provide our clients and candidates with detailed advice and feedback. We pride ourselves on our problem-solving culture and commitment to long-term relationships with candidates and clients.

The Search Practice has a strong track record, conducting assignments for global brands, international banks, professional and trade bodies, consultancies and charities.

## Geraldine Davies

Geraldine leads the Search Practice and focuses on the recruitment of senior corporate communication executives across all industry sectors. Prior to becoming a head hunter, Geraldine spent 16 years in senior communication roles, including director of corporate communications for Lloyds TSB Group and director of corporate relations at Prudential Plc, where she was a member of the Group Executive Committee. While this means that she has an 'insider's' understanding of both the communications director role and of Board expectations of the role, she recognises that as organisations' communication requirements evolve so does the role itself. This research provides an up to date summary of the views of some of the main stakeholders of corporate communications, namely chairmen and chief executives.



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