

# Managing the Changes in Corporate Branding and Communication: Closing and Re-opening the Corporate Umbrella\*

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## ABSTRACT

*While the controversy continues over whether an organization should focus on corporate or product branding, this paper explains why corporate branding is the most likely scenario for most multi-national organizations in the 21st century. It is argued here that a strong, consistent and cohesive corporate brand and communication program is needed to maintain and increase cash flows and increase shareholder value. Further, it is explained why this approach is not only relevant, but is likely to be mandatory in the emerging networked and interactive marketplace. The authors use a new physical metaphor, the 'corporate umbrella', to explain and illustrate how corporate branding and communication programs are relevant and appropriate for all organizations. First, the umbrella concept is described. Then, the paper illustrates why many traditional corporate umbrella communication approaches and activities have been worn and torn by the winds of environmental change, thus making them irrelevant and useless. This is followed by a description and discussion of the new type of corporate umbrella that must be developed for firms to successfully compete in the 21st century marketplace. The paper is based on concepts developed and presented in a book published by Palgrave-Macmillan, Basingstoke, England in August 2001: 'Raising the Corporate Umbrella' and used here, with permission. The major contri-*

*bution of the paper is the 'umbrella' concept. Undoubtedly, changes in the business and general social environment necessitate integration at both marketing and corporate communication levels. The umbrella metaphor is useful in conceptualizing the foundation and integration of corporate communication. Before the conclusion of the paper, the authors offer their recommendations on how managers, consultants and academics could use the metaphor to clarify the role of corporate communication within an organization.*

## INTRODUCTION

CEOs and CFOs under fire — roller-coaster share prices — loss of investor confidence — sacking of senior executives — revolving boardroom doors — failure to tell or sell convincing explanations of events to customers, employees, analysts and/or investors — poor handling of crises and issues management, for example, recent fiascos associated with Ford, Firestone, Proctor & Gamble, Enron, Worldcom, and Arthur Andersen — are all clear illustrations of the current failure of many corporate initiatives and the growing need for clear, concise, understandable corporate plans and strategies. As important, however, is the need for those plans and programs to be communicated clearly and effectively by CEO, board level personnel,

corporate communications directors and other managers to the various corporate stakeholders. As van Riel (1997) has so clearly pointed out, there has never been a greater need for effective and enlightened communication with and by corporate and institutional stakeholders.

For all organizations everywhere, these factors form part and parcel of the fiercely enhanced competitive landscape of the global marketplace (Bartlett and Ghoshal, 1998) of today and tomorrow. Yet, there is substantial and growing evidence (Deetz, 1995) that organizations and managers are not communicating effectively and, indeed, may well be mis-communicating with the very people and firms who hold the key to their corporate future. Nowhere is this more in evidence than in the investment community. Investors want to understand future value. Organizations report historic value. The move to Stern Stewart's EVA, the Balanced Scorecard (Bennett and Stern, 1999) and PricewaterhouseCoopers drive to 'Value-Based Accounting' (Read, 2001) are illustrative of the trend away from the mis-communication iceberg that has characterized the 20th century to the new drivers of corporate communication in the 21st century.

Over the past ten years, research has shown that the greatest hindrance to effective corporate communication programs is the lack of established and implemented internal communication processes and systems (Kitchen and Schultz, 1999; Schultz and Kitchen, 2000). The lack of process thinking and systems planning has become an even more glaring weakness when the market, marketplace, customers and consumers become not just integrated and networked, but interactive as well. Thus, the corporate tradition of condoning independent marketing and communication programs as siloed and separate units or elements inside the organization, commonly with their own product or activity-

driven sales, marketing and communication approaches, becomes not only ineffective but inefficient as well. Thus, the authors believe, the integration of all forms of corporate communication both inside and outside the organization is required to properly harness the emerging, dynamic, global marketing and communication systems that will comprise the 21st century marketplace (Schultz and Kitchen, 1999).

Through the use of the corporate umbrella metaphor, this paper identifies eight forms of traditional corporate communication that, although still widely practiced around the world, are rapidly sinking into the sedimentary strata of economic and social history. The paper then presents a list of eight new, dynamic, integrated forms of corporate and brand communication that, in the authors' view, will drive firms of the future.

Given the development of global systems in finance, transportation, logistics, communication, and now marketing and branding, it is argued that the corporate entity is now more important than the products and services it produces or vends (Mitchell *et al.*, 1997). This perspective implies the firm and its outputs are often tremendously influenced by the perceptions of the various stakeholders and stakeholder groups (Schultz *et al.*, 2000), not just by the output of the plants and service centers it controls. Increasingly, it is argued here, the value the corporate entity creates is for its stakeholders and owners, not just for its customers and consumers. Those stakeholders can include shareholders, employees, owners, business and alliance partners, and a host of other, internally involved participants. Yet, most organizational communication has traditionally focused on the consumer, customer or end-user or on the financial markets, often ignoring the values that are created for others. Thus, this paper argues that corporate communication and corporate branding must become key skill

areas for the organization of the future and those efforts must be focused not just externally, but internally as well.

To illustrate the approach, how the concept for this paper developed will be explained.

### **GENESIS OF THE CORPORATE UMBRELLA**

In the early 1990s, a leading guru of management thought — Professor Charles Handy, then of the London Business School — published a book entitled: *The Empty Raincoat* (Handy, 1995). The title related to a sculpture Professor Handy had seen in an open-air sculpture garden in Minneapolis during a trip to the USA. Of the three shapes created by sculptress, Judith Shea, the dominant one was a bronze raincoat, standing upright, but with no-one inside it. For Handy, the empty raincoat served as a paradox for the apparent emptiness of much that was occurring in the name of technological, industrial and post-industrial ‘progress’ at that time.

The authors have adapted Handy’s corporate paradox in a somewhat different manner. The empty raincoat, here, seems to personify the apparent ‘emptiness’ of so many of today’s corporate entities. Emptiness in the sense that the firm appears as a cold, distant, unfeeling monolith, often unrelated to either its customers and consumers or to its employees, associates and other stakeholders. This seems a strange paradox in a marketplace where interactivity, dialog and personalization are becoming more the rule than the exception.

Thus, the authors argue that in today’s world, executives and managers at all levels, from the CEO downwards, must reach out and communicate *not only with customers and consumers* — from whom they expect to generate sales, income flows and profits — but also with various related and involved employees, channels, affiliates, associates, publics and other stakeholders,

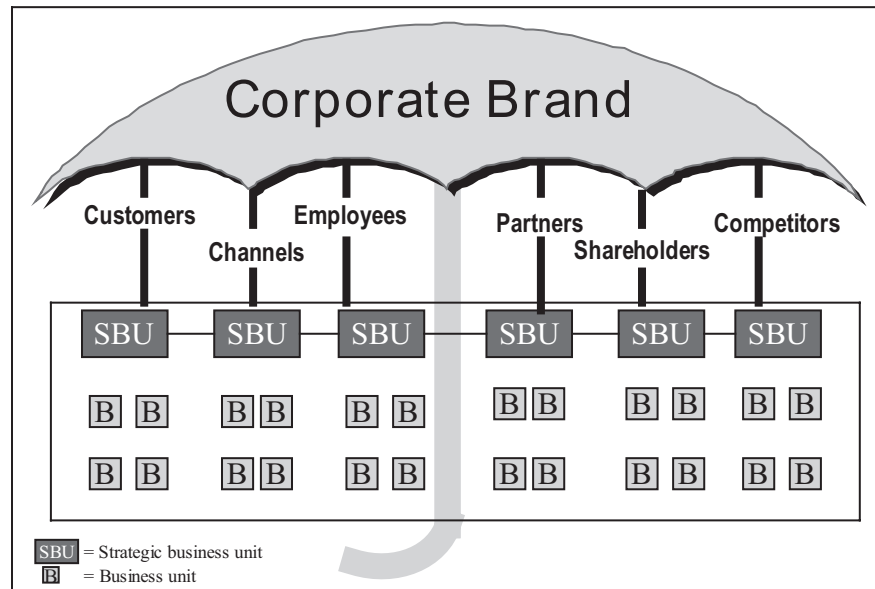
each of whom can impact markedly on both short-term and long-term market share, profit performance and shareholder value.

The corporation has thus become a brand that also needs to be ‘marketed’, or, put another way, *communicated*, for in the authors’ view, all marketing is communication and all communication is essentially marketing. But, today, marketing the corporation means much more than a few advertisements in the *Wall Street Journal*, donating a few dollars to public radio and some corporate chest-thumping on the Sunday morning ‘public affairs’ television shows.

Instead of this historic view of corporate communication and branding, it is suggested here that, because of the emerging, interactive and networked marketplace, there must be a new ‘raising of the corporate umbrella’. By that is meant senior executives, led by the CEO, senior management, and the board, need to present the organization in such a way that it not only protects and nurtures all the individual brands and customer relationships within its portfolio, but confirms to all stakeholders that the organization itself stands for something other than an anonymous, faceless, profit-taking corporate entity. This is represented diagrammatically in Figure 1.

A market-oriented organization and its total meaning, ie its ‘corporate umbrella’, cannot be hoisted by empty corporate platitudes or traditional corporate branding and communication programs. Instead, it can only be communicated and made relevant when its management, employees, business partners, associates, channels and affiliates understand and practice a totally integrated corporate marketing, communication and branding approach that puts reality and realism inside the firm and gives it form and substance on which to build and operate. By using that platform,

Figure 1: 'Raising the corporate umbrella'



the company can then announce and illustrate its values, vision, mission and commitment internally and externally to the various stakeholders and those who have, might have or might want a relationship of some sort with the firm. In short, the aim of this paper is to suggest how corporate management can put flesh on the bones of the corporation and raise the corporate umbrella in such a way that:

- 1 it acts as a force-field metaphor — nurturing, protecting, and providing the resource-fertile environment to grow the total entity, including the individual brands and stakeholder relationships, treating them as valuable and potentially irreplaceable assets.

and

- 2 it acts as a metaphor in terms of the way it can be operationalized at the corporate level. In other words, understanding that fully integrated, process-

driven corporate communication programs and activities act like the ribs of an umbrella in that the various communication activities of the firm support the overall organizational communication systems. Lose or mismanage one of the communication 'ribs' such as crisis management, corporate advertising, or environmental issues, and the whole communication coverage of the organization becomes unstable in the stormy winds of change. The 'ribs' refer not just to potential and actual communication activities deployed by the firm, but also relate to the underlying managerial assumptions and practices concerning the nature of the marketplace, the stakeholders they face and how such stakeholders can and should be addressed to build relationships by means of corporate communication.

Given this scenario, this text will now turn to the need for a different view of corpo-

rate communication and branding. This will be followed by a discussion on the various traditional forms and modes of corporate communication. The authors suggest that, while these approaches still exist, they are increasingly less viable. It is assumed that the context of globalization, wherein multi-national firms jockey for the mind, heart, and market, will already be well understood by the readers.

### **THE NEED FOR CORPORATE BRANDING**

It has been argued elsewhere that a multinational or global firm's personality, reputation and image will become the biggest single factor in consumer choice between its products and services and those selected from competitors (Eales, 1990; Melewar and Saunders, 1998, 2000). The authors agree with this premise. But, personality and image do not just impact on consumer choice and behavior. They also influence a variety of publics or stakeholders, whose views and behaviors can markedly impact overall corporate performance.

Simultaneously, corporate personality and image can exert a positive or negative influence on consumers, governments, employees, communities, and even shareholders. There is likely to be nothing in these statements with which any corporate communication director would disagree. The authors' view, however, is that there may well be two types of corporate umbrella. The first is the historic umbrella, used so successfully during the rapid growth years of the 1990s, now broken and exposed to all the storms of change. The second inferring a new era of global, interactive, networked dialog between all parties — unfurled, unbroken and capable of providing a protective nurturing device for all the strategic business units and brands within its scope, is now emerging.

### **TWO CORPORATE UMBRELLAS?**

Earlier, this paper referred to the premise, developed by Charles Handy, that the present day corporation could be likened to an empty raincoat, with nothing underneath in terms of values, responsibilities, trust or relationships. While there are doubtless many organizations seeking corporate gain at whatever the cost, in the authors' experience, there are many others that feature a solid combination of enlightened management, interested and dedicated workers, useful and honest channel members, and supportive shareholders who are interested in building for the future, not just maximizing immediate corporate returns. The challenge, of course, is separating those who 'proclaim' and those that actually 'perform'. That has a lot to do with communication, in the realms of both the corporation and the stakeholder.

From the view of the CEO and his/her corporate communication director, it is much easier to provide useful and valuable strategic direction and tactical execution in communication programs to the latter than the former. The challenge is sorting the two. Organizations do change — sometimes for the worse, but often for the better. Thus, one of the key tasks of any corporate communication manager is to be able to anticipate when such changes are occurring and either try to increase positive change or perception, or to mitigate the impact and effect of negative issues and crises. In this way, corporate communication and those who control it, become in effect the conscience of the corporation, reflecting what is useful and valuable to be communicated and trying to control or limit those forms of communication that are either false or may have the potential to deceive or mislead. Consider the impact that a strong, relevant, unbiased corporate communication program could have had in reducing some of the corporate greed of the past decade.

The future role of corporate communication will thus change dramatically in the 21st century organization. Where formerly corporate communication was viewed as the group, organizational resource, or sometimes even the person who ‘fixed things with the media when the coverage was negative’; or was responsible for ‘spinning some “corporate gold” out of nothing’; or was viewed simply as a ‘PR bunny’, whose primary task was to organize the corporate parties and create some type of ‘buzz’ about the organization; today, the authors view corporate communication and the corporate brand as senior management’s lynchpin with the various publics. That means the method and manner for developing communication strategies and giving corporate focus and direction to all the ways in which the organization can and will touch and influence its myriad stakeholders around the world.

Let there be no doubt, communication is and will be critical to every organization in the 21st century marketplace. In fact, it may well be the most important thing the organization can do, even more critical to marketplace success than the products or services the firm has developed and is currently marketing. It is believed that the perceptions, beliefs and feelings of the various stakeholders have a major impact on the current and on-going success of the company. It is further suggested here that corporate communication and branding will drive the corporate organization of the 21st century. The reason: if the organization cannot build internal and external value through its brand, and then, communicate its vision, mission, and values, some other organization, entity, stakeholder, or irate public entity with an axe to grind and with the communication capabilities can and will. That will have a major impact on the top, bottom and middle lines of the balance sheet.

So, whether the corporate situation is a

merger or acquisition, a crisis, an environmental question, a misunderstanding with shareholders or just run of the mill corporate marketing and sales communication with customers and prospects, corporate branding and corporate communication are areas every organization must master or else they are likely to master the corporation.

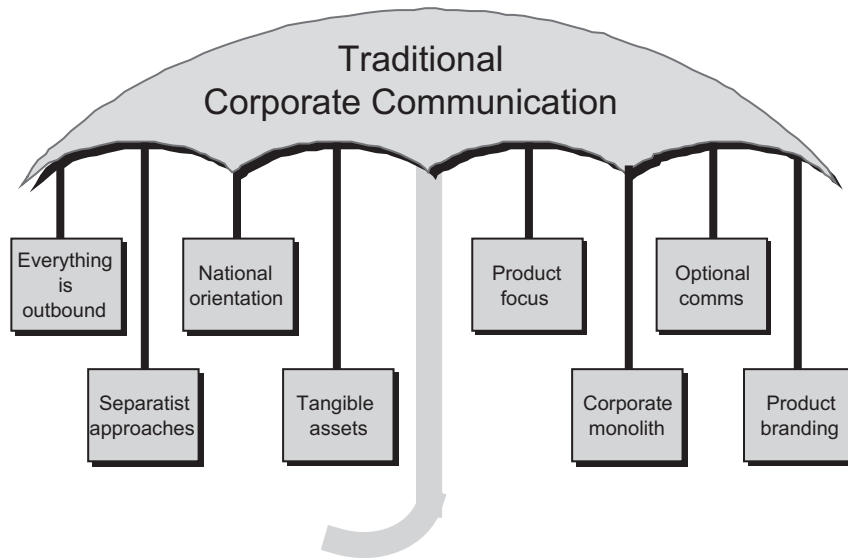
### **THE CLOSING CORPORATE COMMUNICATION UMBRELLA**

Given the preceding scenario, what are the key corporate communication factors organizations need to review, reconsider and change? To what extent are the elements used by corporate communicators outdated in light of current environmental circumstances? What current corporate communication skills are no longer as valuable and useful as they once were? In short, what current communication approaches need to be re-thought and re-considered by the forward-looking communication director?

While the authors list the areas, concepts and management rules that are likely to disappear below, it is also recognized that they have often served the corporation well in the past. Thus, they may be hard to abandon. But, it is clear that their days are limited. The authors identify each of these corporate beliefs, assumptions or ‘corporate communication managing rules’ with a few brief statements which it is believed that every CEO and corporate communication director will quickly recognize as historic ‘inherent truths’. Those managers should be able to quickly and easily relate them to the warp and woof of current-day corporate communication development and management.

In the areas below, it is argued that these ribs or sections of the corporate umbrella are closing or being furled, not necessarily by choice, but by the changing environmental circumstances in which corporations compete and communicate. These

**Figure 2:** 'Closing the eight-section umbrella'



concepts and approaches have had their day and while they, like a used umbrella, will continue to provide some coverage of corporate value, they are getting tacky and torn. Like a weakened umbrella in a raging storm, the concepts and approaches are sure to be 'turned inside out' through the strong winds of 21st century change.

Figure 2 illustrates what the authors believe is the rapidly closing umbrella of traditional corporate communication assumptions and approaches. As shown, there are eight major assumptions or driving forces that have directed or guided corporate communication management for at least the past 40 years. The authors call them the 'historic ribs' of the corporate umbrella.

### **Everything is Outbound**

For the most part, traditional corporate communication programs have reflected the views, needs and wants of the corporation. These were the 'things, ideas, concepts or beliefs' the firm wanted to 'deliver' to the 'audiences' which the organization had selected. For the most part,

these 'corporate messages' were developed to inform, educate, persuade or influence the various audiences and stakeholders identified by the firm, particularly those that management felt needed 'to be communicated with'.

Communication and messages were directed toward those external audiences and success was measured by the successful distribution of those developed messages. The common assumption was that 'the more messages delivered the better'. Thus, there was great focus on communication message 'tonnage' in the belief that the company with the greatest investment generally dominated the communication spectrum.

Internal communication programs, if they were used at all, were generally developed by the human resources (HR) group. They consisted primarily of keeping employees and other interested groups 'informed' about what 'their company' was doing and how it would impact and affect their lives, their jobs and their future.

**Table 1: Separatist Versus Integrated Approaches**

<i>Separatist approach focus</i>	<i>Integrated approach focus</i>
Outbound one-way communication	Integrated communication processes and management
Functional communication skills	Interactivity
Communication specialists and specialization	Connectivity
Emphasis on budgetary control	Customer relationships
Turf wars	Efficient customer response
Differential evaluation	Just-in-time and EDI systems
Fiscal year battles	Evaluation of customer behavior

### **Separatist Approaches**

Communication programs were developed and implemented by ‘communication specialists’, ie people or groups that had developed particular functional communication expertise. Advertising people managed the advertising programs. Public relations people ran the public relations programs. Employee communication people developed the employee communication programs. Each was budgeted separately. Each was developed separately. Each was evaluated separately. There was no need for functional specialists to talk to each other for they were conducting functional programs about which the other functional managers knew or cared little. As a result of this functional focus, there was always the internal battle among the specialists for turf, position, power and money, with the winner claiming victory each fiscal year at budget time (see Table 1).

### **National Orientation**

With limited exceptions, the multinationals being the primary examples, organizations focused on their own national market. Even among multinationals, the approach was often the same, ie build a specific focus on the national market by adapting and localizing the global program. Since each country often operated separately and independently in terms of products, services, production, distribution etc, even though

two countries might share common borders, the national focus result was the same. Thus, communication programs were constrained and limited to the specific geographic areas in which the firm, its divisions or business units were located. Communication seldom crossed borders and, if it did, it was developed and executed by ‘international specialists’, often from the ‘headquarters’, who knew communication systems but often knew little about the cultures and countries to whom or for whom the customers and consumers with which they were ‘communicating’ existed.

### **Tangible Assets**

From the boardroom to the delivery dock, the focus was on the balance sheet. That balance sheet focused on tangible assets and the use of those tangible assets to produce sales and profits. Thus, measures of the use of tangible assets such as outputs, plant capacity, share of market, distribution efficiency and the like were the key financial measures for the organization. The corporate communication director took cues from the senior management and the board in terms of what was important, which was how well resources were being used and how efficiently the organization was operating. Therefore, the communication focus was generally on how well the firm was employing the tangible assets the firm

controlled. The balance sheet was king. What the members of the financial markets wanted to hear was uppermost in everyone's mind. Customers and brands were nice to have, particularly for fast-moving consumer goods (FMCG) organizations. But, they had little to do with service firms, business-to-business and other types of organizations. The reason? Success was measured by the distribution and the volume of goods and services the organization produced, not by the customers it served. Corporate communication, therefore, was about products, plants and efficiency. The corporate message was about sales increases and competitors routed from the field and the value of the organization. So, one might consider the communication programs self-serving, except for the senior management and the communication director, to whom they were 'informative' and 'useful'.

### **Focus on Product, Not Company**

Along with the focus on tangible assets as the organization's primary positioning tool, came the belief that it was competitive differentiation that was the key to corporate success. Thus, organizations focused on product differentiation with the goal of developing some type of 'unique selling proposition' (USP) (Schultz, 1993). In other words, communication focused on product positioning, product benefits and product brands as the most important communication values the organization had to deliver. When the corporate brand was considered, it was thought of only as something in which the financial community had an interest, or perhaps as something that lent some financial value to the product brands.

Until recently, that primarily North American view prevailed. Few saw the value of the corporate brand, particularly those at 'product-branded' firms such as General Motors or Emerson Electric. As a

result, product brands dominated the marketplace. Most marketing firms believed a 'house of product brands' structure was the logical choice of not just the marketer but also the marketplace. Thus, because product brands dominated, at least in North America, corporate communication became the backwater of the communication industry. Little activity, little funding, little value, and little attention, except when there was a corporate crisis such as the well-known 'problems' of Tylenol, Union Carbide, Exxon, Perrier, Coca-Cola, and most recently Ford, Firestone and Monsanto (<http://www.epa.gov/oilspill/exxon.htm>). Then, all of the focus was on the organization, its needs, concerns and issues. In crises, some organizations responded well and others poorly. The primary point, however, is that for the most part, product brands and product communication have dominated organizational interest and financial support rather than the corporate brand and corporate communication.

### **The Corporate Monolith**

Traditionally, most organizations have attempted to be monolithic and monopolistic. That is, with some exceptions, the organization wanted to own everything so it could control everything. Thus, few firms focused on affiliations, alliances or even joint ventures unless and except when required to do so by government decree. The corporation was seen as a single, stand-alone unit where, although it might have a number of divisions or business units, the goal was corporate integration. That integration ranged from the totally integrated automobile manufacturing organizations of pre-Second World War, to the integrated oil companies that had a brief flourish in the 1960s and 1970s to the high-tech and dot.com ventures of the 1990s. Every organization tried to own everything and thus benefit from their ability to create revenue all along the so-called 'value chain'. There was, therefore,

little interest in bringing separate organizations together, developing alliances, trying to find ways to cooperatively build markets or even to build corporate brands.

In the corporate monolith, communication was the last place most senior managers believed value could be built on a cooperative basis. 'We are who we are!' 'They are who they are!' 'We're competitors and we're out to take their markets', 'capture their customers', 'establish beachheads in their areas of strength' and so on. The focus was on corporate gain, not corporate cooperation and the various forms of corporate communication reflected that view. Corporate communication programs tended to be related almost entirely to 'telling the corporate story to the financial market' in the hope that would impact or influence share prices or influence competitors in some way.

#### **Communication as an Option**

Corporate branding and corporate communication in any form have traditionally been seen as a corporate option. That is, management, at their sole and total discretion, could either fund or not fund branding and communication programs. That was certainly true at the corporate level. Since measurement or evaluation of any communication programs was few and far between, most senior corporate managers and boards could not notice any difference in the firm's performance as a result of their communication investment decisions. If they invested in corporate communication, things stayed about the same. If they did not invest in corporate communication, things were 'samer'. Thus, corporate communication could be funded this year and not the next, or funded next year but ignored the following year etc. Corporate branding and corporate communication were like spigots, turned on when some need was felt; turned off when no issues needed to be addressed.

Further, communication was treated as an organizational expense (Schultz and Walters, 1997). Thus, communication was seldom viewed as an investment by either the management, the board or even the employees and stakeholders. Communication and branding were expenses, pure and simple. Thus, when the time came to cut expenses, the corporate communication program was typically at the top of the list. In many cases, the corporate branding and communication allocation was often held as a 'bottom-line reserve' that could be accessed whenever the rest of the corporation was not operating up to expectations. Thus, there was little commitment to any form of communication, particularly at the corporate level. Great plans were laid but seldom executed.

#### **Brands and Branding**

Emanating primarily from North America and from FMCG companies, each and every product was branded and thus each and every product attempted to become a brand. The individual brand concept, developed and perfected by Procter & Gamble in the 1930s through the 1950s (Schultz and Kitchen, 1999), was focused on building entirely separate product brands with separate organizations, activities, budgets and so on. That concept reached its peak in the era of mass marketing and mass media from the 1960s through the 1980s.

Brand managers flourished. Each brand had a place in the market and each brand place was communicated separately and independently. The same company could therefore bring four to six or more detergent brands to market, each with its own formulae and 'special ingredients', packaging and distribution system, and of course, with its own advertising and marketing communication program.

In this 'product brand' arena, the corporate organization was a detail, a non-entity.

In fact, the product brands worked to keep the corporate brand out of sight. The less the connection between the various product brands, the better — at least insofar as the consumer stakeholder group was concerned. Thus, the less customers and consumers knew about the corporate parent, the better. Thus, the corporate brand became like the ‘empty raincoat’ that Handy epitomized in his writings in the 1990s. P&G was a shell, as was Unilever. Corporate meant nothing. The product brand meant everything. Admittedly, communication of the corporate entity and its performance was important to other stakeholder groups (ie financial stakeholders, investors, capital markets, influential business analysts, and so on), but not too important.

Along with this focus on product brands, there grew up a whole mythology of how brands were built and maintained. The premise was that mass communication, primarily television, delivered to mass audiences with a common message that was driven home to the ‘target market’ through huge investments in media and promotion, was the way brands were built. Thus, the ‘brand-building model’ was developed. The problem was, the model only worked for P&G, Unilever, Coca-Cola, Colgate-Palmolive, and a few other package-goods firms. When the ‘brand-building model’ was tried by other corporate organizations, particularly those that were selling services or whose values came from long-term relationships or some type of business-to-business connection, the model failed, often miserably. Thus, senior management began to believe that the corporate brand had little value, could not be built with communication and certainly could not be developed at any reasonable cost. Therefore, there was no use in trying.

As a result, today there are corporate brands that are not managed at all, except by their stakeholders. Yet, there is a grow-

ing recognition that the corporate brand is important. Global firms such as Sony, Samsung, LG, Schneider and others have shown that corporate brands can indeed have value and provide a differentiating force in the marketplace among all levels of corporate stakeholders. Yet, the perception persists, certainly in North America, that corporate brands are nice to have, but not really equal to the product brands. That perception generally persists until the organization attempts to build share in the global arena. The result has been that in many organizations corporate branding or corporate communication, when it was used at all, was primarily in support of the product brands. It appears that practice still continues today.

There may well be other organizational beliefs and operating principles that have had an impact on the development of corporate communication programs over the years. These are, however, the key ones. They have driven the manner in which companies and firms have communicated and have been instrumental in guiding the development of media systems and supplier organizations. Most of all, they appear to have generated marketplace success. That is, they worked because they were developed for a specific type of marketplace, a specific type of communication delivery system and a specific type of corporate need.

The problem today is that corporate need is changing and has been for the past decade. Much of that change has been driven by technology that has radically altered the communication landscape. Much of it has come from the development of new forms of corporate value systems and the attempt to include, not exclude, social priorities, concepts and ideas much has come as a result of new knowledge and learning. The newer and better approaches on the horizon are discussed in the next section.

**OPENING THE NEW CORPORATE UMBRELLA**

There is little question: communication is changing, and the changes are having and will continue to have a major impact on the way corporate communication programs are designed, developed and delivered in the 21st century. Below are outlined the changes that will be most important. A quick comparison shows they are the counterpoints to the traditional approaches described above, but that is as it should be. The new sometimes replace the old and sometimes the old adapt to a different model. But, as a reminder, new wine should not be placed in old bottles.

This paper has used the metaphor of the corporate umbrella so far throughout. That concept is expanded here. The difference is that the opening of a new corporate umbrella must be based on the activities, concepts and approaches that are now increasingly visible, for they will only grow and expand in the interactive and networked 21st century.

Here, the authors identify the eight most important changes that will drive corporate

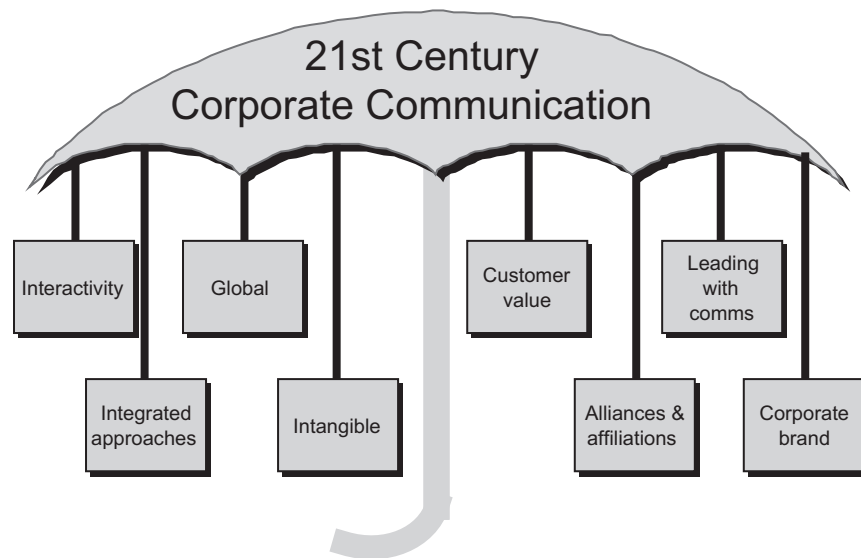
communication and branding in the years ahead (see Figure 3). These are not prescriptive. Thus, each senior executive and corporate communication director must review and determine how they fit or relate to his or her specific organization.

**Dialog and Interactivity**

There is little question that interactivity will continue to have a major impact on the corporate organization (Molenaar, 1996). While the communication focus of the past few years has been on the web and development of internet sites, both of which are commonly outbound systems, the major change in the future will focus on ‘connectivity’. This means the hooking together, sharing and building of increasingly close relationships between the corporate organization and its customers, suppliers, alliance partners and such through intranets, extranets and other electronic systems.

In many instances, these communication systems are evolving into on-going dialogs, since they provide continuing give and take between the various parties. Electronic

**Figure 3:** *Opening the eight-section umbrella*



interchanges that provide updates on inventory, manufacturing scheduling, parts supplies, and the like are a prime example of these interactive, dialog-based types of connections. Viewed from a traditional sender-to-receiver model, communication in today's corporation never really stops. It is continuous and on-going. As a result, today and tomorrow, communication is not something the organization 'does'. It is, instead, something in which the organization is involved.

The result of these 'continuing dialogs' between corporate representatives and the firm's suppliers, partners, customers and other stakeholders will be an increasing reliance on communication interchange. This will lead to a decline in traditional outbound, directed 'communication' in which the corporation says its 'piece' or delivers its 'message' and then sits back and waits for a reaction. The impact of interactivity on the organization is now and will, in the future, be incredible as it forces the organization to begin 'listening' to communication from others, not just 'talking' through advertising, public relations, direct marketing etc. Traditional, corporate-controlled outbound communication will not disappear, however, but it will certainly be replaced to a great extent by these new interactive systems. Two short but telling examples will help.

1 BT Relationship Programs: UK-based British Telecommunications designed new programs to build and enhance relationships with existing and potential customers around the world. A technical program (the Global Information Exchange) designed exclusively for technological specialist functions in organizations and included a newsletter, seminars, and an interactive website ([www.gic.com](http://www.gic.com)). For senior-level managers, a nontechnical program (the Global Executive program) is designed

to share information on all strategic and managerial issues. Both programs are operating in all countries where BT has a current market presence, and in other strategically important countries around the world.<sup>1</sup>

2 Dow Chemical: Dow is a global science and technology based company that markets its products and services for customers in 168 countries. It has annual sales in excess of US\$18bn, employs 40,000 people, has over 121 manufacturing sites in 32 countries, and supplies more than 3,500 products. In 1997, Dow went through a process of radical restructuring and reorganization to create and sustain customer dialogue and interactivity. Today, its strategic business units are focused on customers and solutions and Dow capabilities, not on plants, products and geographies. One Dow team is assigned to each customer, and that team is empowered to fill that customer's global needs, solve its global problems, and service all its requirements no matter the geography. Note that the ability to solve customer problems is based on building the physical and technological base on which dialogue and interactivity can flourish.<sup>2</sup>

### **Integrated Approaches**

There is little question, the functional structure of most organizations is being challenged by the new communication approaches. Hand-offs, piece-work, hierarchical silos, command and control management and separated units are and must be replaced by 'processes' and 'systems'. Everything is being connected or integrated into everything else, around the world. The 'integration' of the organization must be one of the key management goals of the 21st century. Therefore, the focus must be on 'customer relationships', 'just-in-time', 'efficient customer response'

and 'electronic data interchange'. Those concepts will drive how and in what form organizations are structured and how they operate. Even the time-honored strategic business unit (SBU) will be under attack, as it will become increasingly difficult for senior management to separate the activities, resources and returns of one unit from another for managerial review and support.

Certainly, this process approach will impact and affect communication. The need to integrate all the various forms of communication has been accepted by most enlightened organizations. Only the most recalcitrant functional managers are still attempting to stem the tide. While some functional specialists will undoubtedly be needed in the future because of the differences in the various forms and types of delivery systems, such as advertising, public relations and the like, there is little question the development of communication processes and flow systems will continue to grow. Thus, the corporate communication director of the 21st century will become not just a 'communicator' but a 'process manager' as well, with all the inherent management skills that type of activity will require (a comparison of separatist versus integrated approaches is shown in Table 1).

The corporate communication director will also need to develop models of effective communication. Historically, organizations have been organized on a command and control model, and the same model has been adapted for corporate communication development. Typically, it is a 'plan-develop-implement' approach (see Figure 4).

#### *Reversing the communication flow*

The communication director either identifies or is given the corporate direction and messages that management feels are important to various stakeholders. The commu-

**Figure 4:** A new planning model

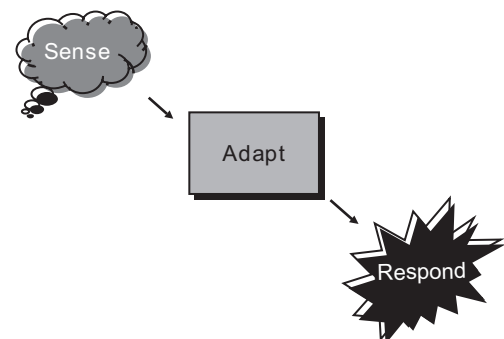


nication director then packages those messages in some way and delivers them to the relevant stakeholders. In this model, the communication director was always attempting to 'tell' or 'sell' the corporate view. Thus, the model was simple. (1) identify the topic, (2) develop the communication and then, (3) implement or deliver it to the target audience, in other words, the people, firms or stakeholders the organization wanted to talk to, with or at.

In this approach, there was no input from the stakeholder in terms of what communication was wanted or needed or they would like to hear. The organization made all those decisions. Thus, the organization 'talked' and stakeholders were supposed to 'listen'.

In the new, interactive, networked marketplace described, the most important communication task is to create some type of dialog. Give and take between the firm and its employees, channel partners, affiliates, governments, customers and prospects. In a dialog, there are reciprocal needs and reciprocal requirements. To learn those needs, the communication director must learn to listen, not just

**Figure 5:** The sense-adapt-response model



master how to talk. The change is illustrated in the 'sense-adapt-respond' model shown in Figure 5.

As shown, communication is planned based on 'sensing' the information or material the stakeholders need. Then, the organization must adapt to those needs in order to be able to respond. Finally, the firm must be able to deliver those wanted, needed and desirable messages to the various stakeholders across the broad spectrum of organizational communication.

This 'sense-adapt-respond' approach requires new skills on the part of the communication director. He or she must be constantly listening to the various stakeholder groups and synthesizing that information for senior management. Making suggestions on how to adapt the organization to meet the spoken or unspoken needs of the various groups and then responding through the most appropriate communication channels and forms. Typically, these 'listening, adapting and responding' skills are new to the corporate communication function. But, new skills are needed for a new marketplace and that is the challenge of corporate communication in the 21st century.

### **Global — Every Organization is Now Global**

There is no choice. Today and tomorrow, there is and will be no way to limit the flow of information about products, services and activities. Global, multinational and international organizations that once operated on a restricted geographic basis, ie on country-by-country management systems, have found their customers are driving them to a global view, and they are helpless to stem the tide. Differential pricing or distribution schemes developed for unknowing customers in individual countries are no longer acceptable. One solution, one price, one distribution structure, and one billing system are the formats on

which organizations must operate or risk the loss of global customers. In short, every organization will be attempting to achieve the 'easy to do business with' goal that is demanded by customers and prospects. This attempt is needed by firms that are perceived to be 'local', as they too will be influenced by the marketing strategies and tactics of larger businesses.

The impact of this global marketing, distribution, pricing and servicing model is only now being felt by communication groups. The need for cross-cultural, cross-border, and cross-language capabilities in all communication units is rapidly emerging. The requirements for instantaneous communication around the world are continuous. The capability of the firm to plan, develop and deliver communication programs becomes less important as the need for skills and abilities to sense customer and consumer communication needs, adapt communication messages, and to respond to customers, markets, and stakeholders on a real-time basis becomes mandatory. This sense-adapt-respond model will increasingly be the key element for on-going corporate success (see Figure 5).

Thus, many of the communication preparation and planning approaches that have historically been used must give way to new, innovative, online, instantaneous research and data gathering methodologies that are just emerging. The old, established, traditional communication systems must give way to ones that not only span the globe, but, at the same time, allow the manager to drill down into local situations as needed or required.

### **Intangible Values**

As the value of the organization moves more and more into the intangible areas of intellectual property, brands, patents, know-how, people skills and the like, the focus of the firm must move inexorably toward the management of intangible

assets and away from the traditional focus on plants, factories, inventory, distribution systems and the like. Thus, senior management will need to be able to manage the new 'corporate value', much of which will be bound up in the just emerging methods and approaches to value creation and measurement from the accounting and financial areas.

Chief among the new skills management will be the capacity and capability to communicate the new, forward-looking, corporate relevance that is being created in the form of shareholder value. Where once the 'balance sheet' spoke for itself with hard, verifiable, tangible assets as the value base, as the organization inexorably shifts to the intangible, and more difficult to communicate measures of future value, the communication manager becomes one of the key elements in the new structure. The firm's ability to explain, illustrate, teach and even persuade the financial community, associates, affiliates, and even employees of these new corporate values becomes one of the key elements in the corporation's management toolkit. The corporate communication manager will and must play a key role in all these tasks.

Communication, like the new corporate assets, is often believed to be 'intangible' by current senior managers. Therefore, the capability of the 21st century corporate communication director to put 'substance' inside this presently empty corporate raincoat becomes a key contribution to the ongoing success of the organization.

### **Customer Value**

Most corporate managers now understand the real sustainable competitive advantage of their firm is the ability to gain, retain, grow and migrate customers and their income flows over time. Products and services are just the current means by which the organization gains income and ultimately profits from customers. While

those products and services may change, the need for the organization to gain and maintain customers does not.

The same is true of the financial community. The value of the organization is not its current share price. Rather, the value of the organization is the confidence and acceptance of shareholders in the present management's capabilities for the longer term. It will not be the number of employees the organization has, it will be their capability to gain and maintain customers and their income flows that will count. Thus, the focus of the communication programs must shift from that of products and services, and plants and corporate 'stuff' to customers and prospects, stakeholders, income flows and shareholder value. That is a radically different approach to organizational communication, because it requires the communication to be focused on explaining the value of external customers and stakeholders, not on how well internal managers and products are managed.

Today, obtaining corporate information by communication managers is relatively easy. Most of the knowledge the communication people will need is already inside the firm. The challenge of getting information about the external stakeholders, whether they be customers, governments, environmentalists or communities, is much more difficult and requires an entirely new skill set. But, that will be the task of the new corporate communication manager — thus, new skills, new tools and new approaches. All will be critical in the management of 21st century corporate branding and communication programs.

### **Alliances and Affiliations**

Traditionally, senior managers have focused on managing employees and perhaps a limited number of distribution partners. In most cases, management had control or power over those individuals or groups. Therefore, the task was relatively

straightforward, that is, it was based on command and control. Employees could be coerced or fired. Channels could be restricted or their franchises canceled. But, in the new world of alliances, partnerships, joint-ventures and affiliations, the situations are commonly ones of equal power, or at least shared power between the firm and its partners. Thus, today's managers must become negotiators, referees, consensus builders and even cheerleaders. That is certainly a new role for many of the 'hard-nosed' managers of the past. It requires different skills, capabilities and even emotions. These are not areas where edicts, directives or even 'strong management recommendations' carry much weight. Thus, the corporate communication director is likely to find many new challenges in guiding senior management in these new, often 'communication-based' situations.

From another view, internal and cross-company or cross-SBU communication has not been something in which corporate communication directors have historically had much of a hand. That fell to other internal people. Yet, in the 21st century arena, corporate communication directors must play a key role in assisting senior managers with the often delicate communication tasks that can keep an alliance, affiliation or other rather fragile relationship, not just functioning, but thriving.

While this internal communication initiative may be a new role for the corporate communication director, it is not a new one in every sense. It is simply that the communication skills will have to be applied in a new arena and, in most cases, on a much larger scale and at a more delicate stage.

### **Leading with Communication**

In many organizations, both large and small, communication has often been an after-thought. In the emerging 21st century arena, communication will commonly be

the lead element in the overall corporate strategy. Thus, investments in and returns from communication will be some of the top priorities of many firms. Indeed, the corporate communication director will often be working and perhaps sometimes even guiding senior team managers.

As the management of customers and customer groups becomes the primary focus of the firm, more than the operation of plants and factories or the direction of internal employees, communication becomes one of the key tools the corporation will employ. As before, the ability to listen, learn and respond to customers and stakeholders becomes a critical skill set for the firm. Similarly, the ability of the organization to create and maintain an ongoing dialog with all stakeholders becomes the primary way in which marketplace success will be identified and gauged.

Inherent in this is the need for the organization to develop new, different and more relevant methods of measuring the impact and effect of its communication programs. As communication becomes an organizational investment, and therefore is managed like any other asset-producing activity, budgeting and measurement of returns become critical skills. In this sense, the ability of the corporate communication manager to identify, value and determine investment levels and measure results becomes just as important as the role strategic planners and CFOs fill today. Indeed, being able to measure and evaluate the financial value of the corporate brand is one of the key skills corporate communication managers must master going forward.

There is no question, communication must become a key skill in the 21st century organization. For the most part, it must lead rather than follow the strategic directions and actions of the firm. In many cases, this will be a totally new role for the corporate communication director but one that must be not only filled, but mastered.

### Corporate Brand

The 21st century changes impacting the corporate brand are enormous. As the firm moves from a focus on product brands to highlight the corporate brand, major risks are incurred and major advantages gained. By operating under a corporate brand, the firm risks total marketplace disaster should things go wrong, as they did in the case of Firestone (Bradsher, 2001). By the same token, the advantages of corporate identification, affiliation and value are increased. There is little question that strong corporate brands such as Microsoft, FedEx and General Electric have done much to build the global value of the organization. IBM, Pfizer, Starbucks and UPS do not have to explain what they do, all the relevant stakeholders know. By the same token, a strong corporate brand such as Virgin, Kraft or Nestle allows those companies to move into new and exciting areas where the recognition of their name often paves the way for instant or near-instant success.

Corporate brands have value, for they communicate a mass of virtues and benefits to customers, consumers, shareholders, stakeholders and other interested parties. But, managing a corporate brand is not an easy task. In too many cases, interested parties try to crawl under the corporate brand umbrella to take advantage of its coverage and reputation although they may not be deserving of the coverage the corporate umbrella provides. In other cases, business units or product managers refuse to take on the corporate cloak, believing that their name, their recognition, their history and their future are greater by going it alone. One of the key skills of the corporate communication director of the 21st century must be the capability and capacity to recognize what belongs under the corporate umbrella and what does not. To embrace those who deserve and to reject those who do not. When all is said and done, that may be the most critical skill the

corporate communication director of the 21st century organization must develop.

### MANAGERIAL RECOMMENDATIONS

This paper has illustrated how many corporate executives, or consultants who service their needs, may be operating on the basis of outworn and outmoded communication practices and assumptions, or put another way *using a corporate communication umbrella* where the ribs or supportive mechanisms are insufficient to protect the corporation from the vagaries of the current competitive environment. These outmoded assumptions and practices are summarized in the earlier argument relating to Figure 2 and the accompanying text. Likewise, using the umbrella metaphor, the authors have directed management attention to the assumptions and required practices associated with opening the corporate umbrella in the 21st century.

Comparing the ‘ribs’ (ie management practices and assumptions) of the two umbrellas reveals that managers must, as a consequence of the prevailing competitive and general social environment, consider the corporate umbrella (and its associated ribs) as a metaphor:

- to facilitate transition from where they are, and where the business is now, to where they and it need to be
- to facilitate recognition that communication does not end with but is continuous with customers and stakeholders
- to work to overcome organizational constraints whether they be organizational, geographic, psychological, or behavioral
- to see the need for corporate communication to be underpinned by research-rich stakeholder databases
- to recognize the clear need for a recognizable interface between corporate and marketing brand communication, and
- to undertake the required training in

the tools, technologies, and tactics associated with the new corporate umbrella. This requires investment by the firm and senior management in such training.

This paper has illustrated not one, but two, corporate umbrellas. The umbrella metaphor in both its old unreformed state and its new renaissance state, together with the associated ribs, constitute ways of conceptualizing or theorizing information in the domain of corporate communication. It is invited that colleagues in the domain of corporate communication help test the validity of the old and new umbrellas in the actual managerial thinking and practices in companies around the world. The metaphor is ripe for further development. Certainly, it is anticipated that the categories or ribs described here can perhaps be presented more clearly, or there may be additional ribs, which have not been adequately identified or described.

## CONCLUSION

The discussion now ends with these views of the closing of the historic corporate umbrella and emergence of the new corporate umbrella of the 21st century.

The authors believe there is value in the present-day corporation. The corporation, in its multinational and global developmental phase, has been one of the most important and impactful concepts in human history. Much has been written about the corporation in the past, both good and bad, and much will be written in the future. But, it is believed that the corporation must move beyond the 'empty raincoat' days of the 20th century that Charles Handy described. The corporation must stand for something and must reflect the values of its people, its products, its management and its stakeholders. It is the authors' hope that the senior management and the corporate communication directors

operating in the 21st century marketplace will play a key role in 'filling the corporate raincoat'. Further, it is believed that corporate communication and corporate branding will have much value by allowing the organization to toss away the raincoat and raise the corporate umbrella through effective corporate communication programs, developed and delivered both internally and externally. The opportunity exists, all the CEO and the corporate communication manager need do is seize the handle and open the umbrella — moving quickly and effectively into the new world of 21st century corporate branding and corporate communication.

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## NOTES

- 1 An extensive case on BT and its global relationship management program is found in Schultz, D.E. and Kitchen, P.J. (2000) 'Communicating Globally: An Integrated Marketing Approach', Macmillan Press, London, 217–226.
- 2 An extensive case on Dow Chemical Co is found in Schultz, D.E. and Kitchen, P.J. (2000) 'Communicating Globally: An Integrated Marketing Approach', Macmillan Press, London, 235–239.

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