

Vernon C. Schranz Distinguished Lecture in Public Relations
Robert Grupp – 2009

I am delighted to be here – and knowing the people who have preceded me – I am honored to deliver this lecture. Thank you! I'd also like to say I know Ball State University and this College because I know Dr. Mel Sharpe. You should be proud that people worldwide associate Mel with your school and this program.

And finally, let me acknowledge Vernon Schranz himself. I would like to have known the man.

Originally from Minnesota, Vern Schranz moved to Indiana in 1944, and 10 years later joined Ball Corporation as advertising & sales promotion manager. He became the company's first director of public relations and served in that role for many years – pursuing values of openness, honesty and community service. This lectureship was created in 1979, in the year he retired. Mr. Schranz passed away in June of 1990.

Tonight we meet to remember and honor Vernon Schranz.

This evening I will talk about change, and more specifically, just how the public relations profession must evolve and change in order to survive and thrive in the years just ahead.

Over the past 36 months, I've traveled on five continents to meet and speak with hundreds of public relations professionals, academics and students – while I served as president of IPRA, the International Public Relations Association – and most recently as President of the Institute for Public Relations.

No matter where I am traveling – I often discuss the notion that we public relations people are living in a world that our profession is perfectly suited to serve.

Think about it.

Today more than ever, corporations and other organizations need to embed an understanding of local cultures, collaboration, a commitment to engagement and transparency deeply into their operations and practices – extending the reach of their relationships to include people and groups, organizations, even governments which may not necessarily involve the company directly, but which ultimately affect the sustainability of the business.

I believe that public relations professionals should own many of the skills required for this type of business diplomacy – but too often, we don't.

The fundamental problem is a vastly changing landscape in which organizations and businesses operate. In fact, the world has changed faster than any of us could possibly have anticipated and, I'm afraid the public relations profession is having a hard time keeping up.

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The environment in which we live and work today has become so much harder to navigate. The professional world that you, who are students, will enter is suddenly much different ... and it's not going back to how it was only months ago.

The news I see and hear all day is generally bad – at a minimum, it makes you anxious. To make things even tougher, our brains may even give bad news higher priority than the softer, good news.

Given this environment, I have found PR people all over the world approaching the future with a mix of optimism and some genuine apprehension. Our optimism is grounded in a belief that the challenges we face – some of which are admittedly significant – are not insurmountable, primarily because of our global “interconnectedness,” our “interdependence.”

Even people who disagree about the value of globalization seem to agree that a dominant characteristic of our world today, is its interconnectedness. But the landscape in which we're working today has changed.

So companies and brands are desperately trying to bond with consumers and sometimes it can feel insincere, not authentic; untrustworthy. A company's reputation has begun to matter more now than ever.

As Jack Welch, the retired chairman of General Electric, has said: “Trust is the very foundation of effective leadership; it's the grease of change. Leaders need to be building trust every single day. In every communication, they must ... avoid complexity... just the plain, old truth, delivered the same way to every audience.”

Our role is challenged even more because some companies clearly violated the public trust; violated their relationship and social contract with consumers, shareholders, regulators and taxpayers.

You don't need to look any further than the mortgage and investment banking industry, where:

“risk has been systematically mis-priced ...
credit has been systematically mis-sold ...
incentive schemes were geared to promote personal greed ...
business models of permanently rising property values failed ...
bundles of bad debt were packaged up and sold on as time-bombs ...
and literally everything involved in this global meltdown was made more complex, more opaque,
more impenetrable, less subject to scrutiny and audit of any kind.”

It's little wonder, then, that a March 2009 survey by McKinsey found that 85 percent of senior executives globally said that public trust in business had deteriorated badly.

Polling in recent months by Edelman Public Relations shows that increasing numbers of consumers distrust not just the obvious suspects — the banks — but business as a whole.

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What I find interesting in the latest Edelman Trust Barometer is that – more strongly than ever before – trust in business appears to be country-specific. The Western World’s skepticism about business contrasts sharply with more positive opinions of business in Asia Pacific and Latin America. In China, the trust-in-business score in Edelman’s research rose from 54 percent last year to 71 percent this year, and in Brazil it rose from 61 percent to 69 percent. Overall trust levels were high in Japan, India, and Indonesia. This difference of opinions between East and West may be attributed to the fact that people in emerging economies traditionally credit business with being responsible for introducing improved standards of living – resulting in higher levels of trust.

It’s interesting data.

So the news is bad ... trust in companies has tanked ... business, our clients, have taken a serious hit.

The point is this: when the world should be turning to the public relations profession for solutions that rely on effective two-way communication, for our ability to effectively influence business outcomes, and for our ability to understand the art and science of relationships with diverse stakeholders, across culturesinstead, business and other organizations increasingly are questioning the fundamental role and effectiveness of public relations in the management mix.

In a widely-circulated report, McKinsey, the consulting firm, suggested that professional responsibility for managing company reputation has been shifting to marketing as a result of the speed, severity, and unexpectedness of recent global events.

Among other things, McKinsey said that these changes include the growing importance of new media, the increasing significance of non-governmental organizations and other third parties, intervention by government itself and declining trust in advertising and brands.

McKinsey suggests: “These forces are promoting wider, faster scrutiny of companies, and rendering traditional public-relations tools less effective in addressing reputational challenges.

McKinsey goes on saying: “Now, more than ever, it will be action – not spin – that builds strong reputations. Organizations need to:

enhance their listening skills so that they are sufficiently aware of emerging issues reinvigorate their understanding of, and relationships with, critical stakeholders and go beyond traditional public relations by activating a network of supporters who can influence key constituencies.”

Adding fuel to the fire, McKinsey suggests that the Chief Marketing Officer – not the Chief Communication Officer – is perhaps the executive most suited to lead these efforts, working alongside the CEO.

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BusinessWeek – in a major article just last month, said: “Not long ago, trust and reputation were the domain of the PR department. Marketing executives, by contrast, pushed products ... spending huge sums to maintain "share of voice" and endlessly reminding consumers of "unique selling propositions."

“That approach doesn’t work so well now,” BusinessWeek concluded. Herein lies the challenge facing our profession.

The world has changed faster and more dramatically than anyone could possibly anticipate and there is a growing and dangerous perception that “traditional public relations tools” are not adequate to meet tomorrow’s challenges.

This should be a call to action within the public relations community. Among the PR people responding to these attacks on our credibility and effectiveness is Ed Block, the first Schranz Lecturer.

Ed believes that managing a company’s reputation should be delegated to the executive who is best prepared, regardless of their functional responsibilities. And that the CEO must trust this person – and make it known to other senior executives.

The person delegated this responsibility must earn it day in and day out by working behind the scenes to help colleagues in other functions make the right business decisions.

“Today’s PR executives mostly aren’t equipped to do that,” Ed wrote in a recent blog post, “and (PR executives) demonstrate their lack of knowledge when they open their mouths in top management meetings, thereby destroying their credibility” within their organizations.

Those are tough words from an industry insider.

The hard truth is that too often public relations people are not equipped to compete with marketing and sales on managing customer relationships, with human resources on employee engagement, with finance on investor relations or shareholder sentiment and awareness, with R&D on innovation, or with IT on application of new technology.

Ladies and gentlemen, we are living in a world that our profession is perfectly suited to serve, but it’s going to require a new model for practicing global public relations and refocusing on the skills and competencies expected.

Clearly, the years just ahead will be quite different, but they also will be rich with opportunities – all requiring communication.

Let me briefly identify a few specific challenges and opportunities.

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TECHNOLOGY

First, public relations professionals need to embrace and leverage the relentless advance of technology. The continuous and revolutionary technological changes that are occurring have enormous, ongoing implications.

If we want positive relationships with consumers, constituents, members, voters, or investors, we need to innovate faster in order to connect with them using media and technologies to which our audiences are accustomed.

To achieve true interaction, public relations must take responsibility for creating a new media mix linking traditional and social media and new digital technologies. Rather than having technology push us into the future, we need to anticipate what's coming next; identifying how technology enables us – and colleagues in other functions – to interact with stakeholders.

At the World Economic Forum that draws CEOs and other movers and shakers to Davos, Switzerland, participants this year rightly concluded that information and communications technologies will form the foundation of a recovery and sustain the global economy in the foreseeable future. Consider the evolution of the mobile phone. It is one of the best examples of the cultural and behavioral change triggered by advances in technology, and in many emerging countries, the mobile phone has become a driver of economic growth.

In India, for example, the village handyman who before couldn't afford to open a shop, now has a mobile phone and suddenly is "on call."

India adds more mobile phone connections than anyplace else, at the rate of 15 million per month. The device plays a larger-than-life role there. The technology has seeped down the social strata, into slums and small towns and villages, becoming that rare Indian possession to break through the walls of caste and region and class.

According to the World Bank, every 10 percent growth in mobile phone penetration brings an increase of nearly one percent in economic growth. Every 10 percent growth in high-speed Internet penetration boosts a country's economy by 1.3 percent.

Perhaps the question is this: If the business of public relations occurs at the front end of these trends, how can we better build technology into our strategies, plans and proposals?

The answer points to our second big challenge – getting our companies and clients to join conversations.

JOINING THE CONVERSATION

In our business, there's no more capable leader or better trend-spotter than Jon Iwata, who heads communications and marketing at IBM. I'm very pleased that Jon will be speaking at the annual Distinguished Lecture organized by the Institute for Public Relations in New York City two weeks from tonight.

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The way Jon sees it: “One day soon, every employee – and every retiree, customer, business partner, investor and neighbor associated with every company – will be able to share an opinion about that company with everyone in the world, based on first-hand experience.”

This is the profound impact of the ongoing technological revolution. And I am convinced, along with Jon and others, that the only way organizations will be successful in this environment is to participate in the conversations enabled by new mobile and digital and Internet technologies. Yet, isn't this where companies seem to struggle the most?

Communication today is conversation. Our role is no longer manage messages (if that ever was our role), but to insist that our organizations participate in dialogue, to enable them to do so, and to measure the impact and results.

Even before the economic meltdown, companies with trust issues began realizing they couldn't keep talking to people or talking past their problems with advertising and other one-way communication.

Trust and transparency are more important than ever. Consumers and other stakeholders tell companies: “Look, if you aren't open with me, then I won't trust you. I won't buy your product or service. I won't dine in your restaurant or stay in your hotel. I won't look for a job in your company.” “I'll look elsewhere, and I'll ask people like me – people I trust – for their opinion about you.”

Successful companies will figure out how to empower their workforces to achieve competitive advantage by building relationships online – and by using younger employees who themselves are expert and thoroughly comfortable with new communications techniques.

And public relations professionals should be leading the way.

GLOBALIZATION 2.0

A third trend that impacts our professional future is “Globalization 2.0.”

This is particularly relevant to the students in this audience. You can't have a discussion about the future of public relations without an understanding and appreciation of what's going on in the world around you.

As companies attempt to grow their top line revenue, they look at new and emerging markets. And you can be sure that economic growth is going to come in a lot of places where we don't know how to communicate.

I like to ask students what caused them to become interested in public relations. The answers typically point to family experiences, and to adventure or traveling internationally, studying overseas; a particular teacher or a mentor.

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I find that one's interest in working internationally often is based on a philosophy of life that accepts that the world really does consist of 6.5 billion people, not all of whom share the same culture, lifestyle and points of view.

You who are students need to think about how you prepare yourselves for a world where the challenges are global in scope with communication at the center. I believe this thinking requires a mindset which allows for empathy, a curiosity about the world and a willingness to accept people who are different and equally capable, no matter where in the world they may live.

Today, America sometimes seems unaccustomed to global economic competition. We Americans have not had to deal with a true economic rival since the decline of the British Empire more than a half century ago. But the kind of growth we likely will see in the years just ahead will be quite different.

Many economists now say that the mature financial markets of North America, Europe and Japan may have reached an "inflection point," and their future growth will be much slower than the breakneck expansion of the past two decades.

The international bank HSBC suggests that emerging markets are likely to lead the global economic recovery with 6.0 percent growth next year while the developed world will expand by less than 2 percent.

Consider China. That country thrives because it is hungry, dynamic, scared of failure and convinced that it should be a leading force in the world. Doesn't that sound to you like the America of the last century? Today, this hunger and dynamism seems a bit less evident in American life. The world is just not cooperating, some would say.

But things have changed! The world from before the economic crisis is not coming back.

Globally, the median age is 27, and the demands of that generation will shape the world to come. Talent will be diffuse and "globalization 2.0" means "brands from all over the world will compete with brands from all over the world. In this environment, we had better prepare ourselves for new choices.

One of my favorite examples about communicating in this new world economy involves Campbell Soup Company. Going into Russia and China, Campbell's tried to sell its wet soup in cans or boxes. They gave up in the 1990s with little success.

To break into those markets today, Campbell's has been conducting extensive on-the-ground research over the past few years, interviewing thousands of consumers in their homes. Their findings led them to develop a broth-like starter-soup product that Russians can use as a base for their own soups. Next year the company will sell 14 different soups in the country, up from three this year.

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China and Russia present a big business opportunity. The two countries account for more than half the world's soup consumption. If the company can capture just 3 percent of the at-home soup consumption in those two countries, the size of the business would equal that of the U.S.

I'm curious about the role that public relations professionals at Campbell's Soup play in building and analyzing relationships with consumers and in conducting research and gathering data from stakeholders?

Which points to another challenge.

MEASUREMENT AND EVALUATION

Ultimately, communication and public relations professionals won't be influential players unless we measure and evaluate the outcomes and value of our work.

Despite progress, PR trails the marketing function in providing measurement solutions. Advertising agencies, media planning organizations and interactive firms may be more adept at providing industry standardized data to drive budget decisions, and they collect meaningful data while programs are underway, to determine if those front-end decisions were effective.

Mark Haas, an Institute Trustee, has been vocal on this subject. In his blog, Mark points out that:

No two PR firms handle front-end program research the same way. There is always a bit of hocus-pocus in describing how insights which shape a program's creative treatment were developed. (Mark correctly suggests that anyone who has ever attended a multiple-agency pitch knows that research insights are never the same from agency to agency. This indicates the process to develop them has been more art than science.)

No two PR firms measure results the same way, but instead, offer techniques they describe as "proprietary" or "unique." Agencies expect clients will be comforted by a measurement solution that relies on a black box process or algorithm. Mark asks: Would any reasonable person hire a guy to build a house if that was his approach to measurement?"

Few, if any, PR firms will commit to linking their programs to a client's key performance indicators. If PR programs can't be linked to the key performance indicators that determine business success – and other marketing programs can – guess where the big budgets will go?

Obviously there is much work yet to be done, but I am proud of the leadership role that the Institute for Public Relations and its Commission on Public Relations Measurement and Evaluation has taken in this area. I encourage you to visit our website – InstituteForPR.org – and explore dozens of research papers as well as tools and techniques that are available free and can guide you to effective measurement and evaluation of your work. Before I conclude, there are three additional challenges that I want to touch on very briefly.

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BECOMING STRATEGIC PARTNERS

To thrive in an era becoming known as the “new normal,” public relations practitioners must re-assert themselves as strategic thinkers. I’m referring to a need to become true partners with our clients and CEOs in what I call the “business of our business.”

This is difficult for PR people. We’re easily distracted by an intense pressure to manage an endless stream of information flowing through traditional and social media and email. The resulting tendency is for us to be communication mechanics.

There is clear and present danger that instant messaging rather than strategic thinking rules decision making. This must change in order for public relations to be valued for being strategic.

To me, this need for critical thinking capabilities is most evident than in our obsession about “earning a seat at the table” in the CEO-suite.

Over the summer, this was the subject of dialogue among some colleagues who are members of the Arthur W. Page Society – a group of about 350 chief communication officers from some of the world’s largest corporations.

I can’t say it any better than Kristen Bihary wrote on the Page Society blog.

“How can a room full of communications executives – senior enough to have been in the profession for many years – continue to fixate on this subject? How would our profession change if each and every CCO had a seat at the table? How would one’s individual effectiveness change?”

“I’ve been in (public relations) for more than 30 years,” Kristen wrote, “and I’ve had a seat at the table, and I’ve been just outside the room. A seat at the table does not confer legitimacy, trust or respect. We earn it.”

“If our colleagues in senior management know that we will contribute something of importance, our counsel will be valued, no matter where we sit. And if ... the (public relations) perspective is needed but not sought, (then) it’s our responsibility to provide it.”

How right she is.

SKILLS DEVELOPMENT

To complete and thrive in the future, we need updated curricula at universities teaching public relations. We also need mid-career development opportunities which anticipate the competencies required of people working in a world that is rapidly evolving into a “new normal.”

We at the Institute have initiated research with Dr. Tom Watson at Bournemouth University in the UK to identify the knowledge, skills, relationships, 360-degree vision and managerial abilities that senior public relations and communication professionals will need in three to five years.

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After conducting a literature review, Dr. Watson now is engaging chief communication officers in Europe and North America on a set of initial assumptions about the skills you'll need to succeed in the "new normal," including:

Broader analytical and critiquing skills

An ability to interpret changes and trends

Familiarity with Public policy-making, particularly on sustainability and CSR issues

Greater emphasis on coaching and mentoring in problem-solving

Engagement with stakeholders including negotiating skills

Mastering culturally-sensitive communication, its management and coordination.

Higher level internal networking and communication skills

Proof of performance as in demonstrating value of communication strategy to the business

Linking communication strategy more tightly with overall business objectives and less on organizational publicity, and

Succession planning that involves mentoring mid-level staff in order to develop them as trusted counselors.

ON LEADERSHIP

Finally, to practice public relations successfully in the "new normal" will require inspired leadership from within our profession.

I am talking about:

Being excited by new technologies and finding their application to PR

Demonstrating an authentic and transparent style in our communication

Embracing globalization by practicing business diplomacy

Letting research results and data drive our strategies and initiatives

Becoming lead counsel for reputation and brand building and integrating that work with other professions

Thinking big and avoiding narrowly focused agendas

Articulating a unified direction for the future of the public relations profession

We have the opportunity to redefine our professional roles to meet challenges in a global environment where "normal" involves a totally new way of communicating and sustaining relationships.

We can achieve profound impact, not only for the profession but in society. We public relations people are living in a world that our profession is perfectly suited to serve.

This is our time! Thank you very much.