

Reimagining Our Profession Public Relations for a Complex World

Richard Edelman address at
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AS PREPARED FOR DELIVERY

Good evening, ladies and gentlemen.

I want to thank Frank Ovaite and the board of the IPR for inviting me to address you this evening. I would also like to take a moment to recognize my former professor at Harvard Business School ... Steve Greyser ... who is here at the Edelman table. More than 30 years ago, Steve saw promise in this once 22-year-old B-school student.

Our generation of PR practitioners stands on the shoulders of leaders such as the legendary Bill Nielsen ... whom we honor this evening ... Charlotte Otto ... the late Marilyn Laurie ... Harold Burson and his worthy competitor, my dad, Dan Edelman.

Colleagues and friends...We can all agree that public relations is a vital management competency that guards reputation... builds brands ... ensures license to operate ... and facilitates economic opportunity....

We are now at the management table but our role is often misunderstood. That's why my topic this evening is the urgent need for public relations to evolve and a plan for doing just that.

When President Barack Obama was interviewed by Ron Suskind for his new book Confidence Men, he said:

“The area in my presidency where I think we made the most mistakes was less on the policy front and more on the communications front...

The irony is the reason I am in this office is because I told a story to the American people... We lost that narrative thread in the day-to-day problem solving...

Going forward as president, the symbols and gestures ... what the people are seeing coming out of this office ... are at least as important as the policies we put forward.”

With all due respect, Mr. President, I think you missed the point. You assume that you simply have a communications problem, but policy and communications cannot be separated. And both are tied to operating reality.

Communications must be a core element in the business planning process. That includes decisions on pricing, supply chain, and brand marketing.

Unfortunately, many organizations still determine policy and operating approach in a vacuum, and then hand it to the PR folks to explain.

That's the road to failure ... and here are two good examples ...

- Just last week Bank of America reversed its decision to impose a \$5-per-month debit-card fee on customers who weren't carrying a minimum balance of \$25,000. The policy triggered a customer exodus ... with 300,000 organizing a protest on Facebook. The bank had utterly failed to provide context for its decision or explain the benefit to the consumer.
- The Tokyo Electric Power Company recently sought a 15 percent rate increase to pay for the damage to its nuclear reactors caused by the tsunami. The rate increase was denied because the company had zero credibility after failing to promptly disclose information about the nuclear fallout in the surrounding communities.

In both cases, the companies could have been spared huge reputational and financial damage had policy, operations, and communications been aligned.

We must operate at the same level in the C-suite as:

- the general counsel
- the operations manager
- the chief marketing officer, and
- the director of corporate strategy

We are at exactly the moment in time when this is possible.

Why is that?

Because our world has morphed from complicated to complex. *The Harvard Business Review* recently had a [cover story](#) that got it just right. It was called "Embracing Complexity."

In a complicated world you have many moving parts, but the patterns are predictable and manageable.

By contrast, in a complex world, you have patterns and interactions that change constantly, producing different outcomes that are often unexpected and unforeseen.

On the heels of the tsunami in Japan, energy costs in Germany—a country that is not at risk for an underwater earthquake—are projected to soar. Let me explain:

In May, two months after the tsunami, the German government announced ...just before a special-election—so for political reasons... that it would close all nuclear plants by 2020. It's estimated that this will cause a 40% rise in energy costs, with drastic consequences for the country's all-important manufacturing sector.

Political risk is now just as high for business in the developed world as it is in the developing world.

In the Age of Complexity, skepticism has become endemic. After Osama bin Laden was killed, Peggy Noonan made the case in The Wall Street Journal for releasing photographs of his corpse. She argued:

“Here is the fact of the age ... People believe nothing. They believe everything is spin and lies. When people believe nothing, they believe everything.”

Her logic is profoundly depressing ... but it is grounded in this new reality of diminished trust in business, government, and media. Data from the [Edelman Trust Barometer 2011](#) show that in the U.S. and U.K., for example, 25% of the population must see or hear a story 6 or more times in different places before they believe it. It's as high as 3-5 times in most nations.

In this age of complexity, public relations can guide business better than any other discipline.

Now is our moment to create a new and compelling narrative that defines who we are, what we stand for, and why we are in a position to lead.

In [his own address here](#) several years ago, Bill Nielsen said:

“We need to define the character of PR around agreed values and responsibilities. If we don't do this, others will continue to define PR for us, miscast what we do and encroach on our space.”

Bill got that exactly correct.

Let's look at how companies set policy and communications today.

Along a continuum you can plot six different groups of advisors ... each with their own DNA, each operating from their own comfort zone. There's some overlap among the groups—but each has an important role.

On one end of the continuum are those who focus on policy and strategy ... On the other end are the communicators tasked with creative and execution.

On the policy end you have

- Management consultants: they're entrusted with reviewing marketplace factors, identifying competitive advantage and the roadmap to implementation
- Researchers: they're tasked with insight, message development and testing
- and lawyers: ... responsible for risk management, regulatory interaction, and compliance

At the other end of the continuum are the communicators:

- Advertising ... traditional home of the “big idea” and leader of marketing concepts through multiple channels to reach the consumer
- Digital ... the source of technical tools that facilitate customer relationship management and consumer participation

- And finally... Public relations. PR has been at the far end of the continuum, often using creative we are handed and explaining policy that has been set.

But the role of public relations must now be greater... to create coherence out of complexity. As the stakeholder discipline, we are the profession that pays attention to the broad interests of the corporation.

We belong right in the middle of the continuum of advisors... with one foot planted on the policy side, the other on the communications side.

Consider what we are already doing as chief communications officers or agency executives.

- Working with leaders to catalyze employees
- Co-creating products with customers
- Cooperating with civil society
- Interacting with communities
- Informing regulators and legislators... and
- Re-assuring investors

This is a broad remit for public relations, which we define as public engagement. Public engagement reflects the evolution of business as a positive force in society and ... calls for business to participate meaningfully in the continuous global conversation.

Public engagement is policy and communication unified to realize the full aspiration of PR.

The outcomes of public engagement are:

- increased trust
- changed behavior
- deeper communities, and
- commercial success

One of the founding fathers of public relations, Edward Bernays, understood the principles of public engagement and the vital role of research in our profession. In 1927 Bernays wrote an essay that said:

“... above all, the public relations counselor wants to foster important movements that are socially constructive and secure public cooperation and approval of them.”

Our most progressive practitioners are already applying the principles of public engagement. Here are two examples:

[Beth Comstock stood here in 2007](#) and said:

“Customers wanted to do right by the environment, so we created ecomagination. Innovation comes from listening for new ideas ...

We're taking the chance of integrating different pieces of the company to define value beyond marketing."

Today, 25% of GE's sales come from products under the [ecomagination](#) brand.

Two years ago, [Jon Iwata of IBM had these words](#):

"We thought it possible to aim for transformation that makes the world better. We can build a Smarter Planet."

In short, Jon was saying that IBM had to go beyond selling hardware, software and consulting services to its clients. IBM's aim was to engage with multiple constituencies. That bigger ambition gave the company a higher order of relationship. For example Jon invited 100 mayors to [brainstorm on how technology could improve municipal traffic flow and garbage collection](#).

We must aim to make public engagement the standard for our industry.

This evening I want to recommend four principles that will help make that happen.

These principles reflect the career of work of Bill Nielsen, the man we celebrate tonight ... first on the agency side at Carl Byoir and then at Johnson & Johnson, which he helped make one of the most respected corporations in the world.

It seems only appropriate that we consider calling these four ideas the Nielsen Principles.

They are:

1. Drive the Operating Strategy
2. Practice Radical Transparency
3. Take Full Advantage of a Democratized Media
4. Attract and Develop Talent with Broad Skills

These four principles define a new narrative our profession so urgently requires. Let me explain how we can bring these principles to life.

Principle One: Drive the Operating Strategy

I believe PR executives must help fashion operating strategies for companies and brands that transform the supply chain, propel innovation, motivate employees, and drive commercial success. We must also take a leadership role in creating the big idea that markets the strategy.

Here's a great example.

As part of its [goal to lead consumers in an environmental evolution](#), Wal-Mart launched a pioneering eco-campaign.

They drove suppliers to reduce packaging on common household products ... like concentrated laundry detergent ... and made Wal-Mart's size an asset that worked for consumers ... and its reputation as a progressive agent of change.

Just this year Wal-Mart and [the White House announced](#) a partnership to make healthier food choices more affordable to fight the obesity epidemic.

Both initiatives were started by my former colleague Leslie Dach, now a top officer at Wal-Mart ... and then led by the chief executive.

This is the type of action that can happen when an executive with roots in communications takes a leadership role.

Principle Two: Practice Radical Transparency

More than ever, business must explain how and why decisions are made. This is not a strategic opportunity; it is a necessity. Business is at its strongest **only** when it is transparent about its intentions and way of working. There is no such thing as a secret strategy in this complex world.

Practicing radical transparency means establishing benchmarks, then showing demonstrable progress against them. Let me give you an example:

PepsiCo has gone very public about its [47 commitments](#) that ensure it is delivering performance tied to human, environmental, and talent sustainability. CEO Indra Nooyi calls it Performance with Purpose---and employee compensation is tied to the achievement of those goals.

As part of radical transparency, companies must also change their priorities on stakeholder outreach.

Employees should come first not last. They must be given information they can share easily with friends and family. Employees should also be free to blog and share their work experiences because open communication is key to credibility in the new horizontal, peer-to-peer axis of communications.

Radical transparency applies to the communications function as well. We are the last line of defense for the truth, because our material is increasingly used as primary source data. We also must be scrupulous about policing our own behavior and even what we pass along in social media.

Principle Three: Take Full Advantage of Democratized Media

In the digital era, news is everywhere. [According to the Pew Research Center](#), nearly half of Americans say they get news from as many as six media platforms on a typical day.

Content is infinite ... but attention is finite. More than ever before, stories need to be repeated ... available where people are spending their time reading, watching and participating.

Our greatest challenge today is deciding where to begin telling a story. There are four distinct, but related, types of media today:

- mainstream
- hybrid
- social, and
- owned

Imagine them as a four-leaf clover.

- In the first leaf, mainstream, we have the traditional delivery vehicles of print or broadcast.
- In the second leaf, hybrid, are the dot.com versions of traditional media and media that is born digital like the Huffington Post.
- The third leaf, social, includes Facebook, Twitter feeds and YouTube channels.
- The fourth leaf, owned, includes a brand or company's websites and apps—vitaly important because every company should be a media company.

Sitting in the middle of the clover is search, the new on-ramp to all forms of media, as well as content which fuels “search rank.”

And there are also new influencers, such as the 25,000 people who provide half the world's tweets. They're passionate, fast, and prolific, which makes their expertise and personal experience resonate globally.

Two quick examples of the media clover in action:

- Xbox Kinect engaged with tech bloggers six months before launch, received strong feedback that prompted product improvements, and then went to mainstream and social media to promote launch events across the globe.
- Ben and Jerry's ice cream relied on a Facebook app to crowd-source a new flavor, and only then promoted it to blogs and mainstream media.

We must work to stimulate storytelling that creates **motion** across **all** of the different types of media. We must ensure that personal stories and ideas are part of our output and that high-quality content ... infographics and short-form video ... can be easily found and shared to enhance search results.

Principle Four—Attract and Develop Talent with Broad Skills

For us to effectively guide organizations on policy and communications we need professionals with skills beyond communications.

It begins with the undergraduate PR curriculums at the major PR schools. Future practitioners should be required to take basic courses in economics, engineering, finance, foreign language, government, and statistics. This last course is essential as we must use new insight tools to find digital influencers and rigorously measure our results across all stakeholder groups.

And once in business, practitioners should be given the opportunity for line experience, time overseas, and exposure to the public sector. They should also belong to the board of a charity.

PR must offer a career, not just a first stop. We have to look hard at the salaries we are offering—starting at the junior level. And we have to welcome professionals from the other disciplines along the policy-communications continuum.

The Newseum, the museum of news in Washington D.C., will open the [HP Social Media Center](#) in April because a PR person saw the opportunity to marry a company's products with the mission of the institution.

It's going to take people with broad training and diverse experience to consistently pull together the threads and be bold enough to present the winning idea.

The Nielsen Principles are a "re-imagining" of our profession, our remit, and our responsibilities. They are also a call to action. It's time for us to become a senior member of the group of advisors who determine company policy and shape communications.

Unlike any of the others, we can stand with one foot on the policy side and one foot on the communications side. We can unseat the lawyers ... the force for control ... with our voice for stakeholders and transparency.

What will this mean for business? We will see:

- Corporations and brands regain trust with their publics as they move from defense to offense
- Employees established as first among stakeholders
- New products that emanate from the passion of brand advocates
- Supply chains and vendor relationships acknowledging shared value
- The transition from a compliance-based culture to one that is values based

For the balance of the decade, our goal will be to elevate public relations as a management discipline that sits as a full partner aside finance, operations, legal, marketing and strategic leaders in the C-Suite. We need to offer coherent strategy born of research ... and agile execution of creative that we lead.

In the coming weeks I'll be reaching out to our industry's leaders – Frank Ovaitt of the IPR, Bill Margaritis of the Arthur Page Society, Rosanna Fiske at PRSA, Andy Polansky at the Council of PR Firms, and Joan Wainwright of The Seminar, and many others in this room—academics and practitioners alike ... to hold a meeting in December ... chaired by Bill Nielsen ... on how to implement the Nielsen Principles.

We must work together or we will fall short.

It is only fitting that on the 150th anniversary of the American Civil War, we look to President Abraham Lincoln, who said:

“With public sentiment, nothing can fail. Without it, nothing can succeed. Consequently he who moulds public sentiment goes deeper than he who enacts statutes or pronounces decisions.”

Let us all seek to live up to Lincoln’s expectations and our own potential. This is so important that we should expect nothing less of ourselves.

Thank you very much.