

A true test of leadership

by Erica Lacono

CEOs are facing more challenges than ever as they try to establish influence within their industries, communicate effectively with internal and external audiences, and maintain corporate reputation.

This year's PRWeek/Burson-Marsteller CEO Survey polled 144 CEOs about a variety of issues, including which tactics are most effective in establishing their influence within their industry, how they are communicating with both internal and external audiences, what effect corporate reputation has on recruitment and retention, and what steps they are taking to stimulate word of mouth about their companies. Nearly 70% of the CEOs surveyed came from high-revenue companies (more than \$10 million in revenue a year).

Establishing a profile

The survey reveals that 85.4% of CEOs believe it is "extremely important" or "important" to be perceived as an influencer in their industry. In

terms of those activities that CEOs believe to be "extremely effective" at building their profile, the most popular tactics (both 78.5%) were "speaking at community events" and "communicating with my top customers." Other top answers included "speaking at conferences/ trade shows," "my involvement in corporate sponsorship," and "attend[ing] networking events with other CEOs" (all 72.6%).

"I think that online is seen as an additional way to have an ongoing relationship, but it's not a substitute for some baseline level of personal contact," says Mark Penn, CEO of Burson.

David Becker, CEO of San Francisco-based Philippe Becker Design (PBD), combines online and offline activities to help establish his influence within the industry.

"Like any company, we want to reach out to people that are our peers," he explains. "We want to be recognized by our peers

for doing good work. We also want to get in front of potential clients at a high level that might not necessarily know a lot about our business.

"I may spend a lot of time doing board activities in the business community to attract a certain type of client or build relationships," adds Becker. "Then [I] might spend time in online communities to connect with a younger demographic of potential employees."

The value of influence

Paul Spiegelman, CEO of The Beryl Co., a call-center company that provides outsourced customer service functions for about 450 hospitals around the US, says that while being seen as an influencer is not "inherently important" to him, he realizes the value it can have for the overall business.

"I have realized that what I say, what I do, and how I am positioned does have

positive value first for our people and secondly for the company and its growth," he says. "I can't deny that I represent what defines our culture... and to the extent that the marketplace sees that is very helpful."

Most of Spiegelman's public appearances are not so much associated with Beryl, but are designed to establish him as a thought leader in the subjects of customer service and employee engagement.

And even in an increasingly digital age, most of those efforts are rooted in traditional media or other conventional PR tactics.

"I recognize [new-media's importance]," he says. "Yet to me, we're still in an analog business communication world in terms of influence. I spoke to MBA students a couple of weeks ago and got e-mails about how they took [what I spoke

about] back to their businesses to help. That's the influence I'm looking for. It's much more personal. Nothing beats [face-to-face] communication."

Employee outreach

This way of thinking extends to Spiegelman's interaction with staff.

"I try every day to walk on the call-center floor, even if it's for 15 minutes," he says. "That presence alone is very important to them."

Spartan's Szykiel notes that once every three to five weeks, the company hosts a CEO luncheon, where 10 to 15 employees from all areas of Spartan get an update on the company from a strategic and operational perspective. They also get to have some one-on-one conversations with Szykiel himself.

Gregory Burns, CEO of O'Charley's, which has casual dining restaurants across the Midwest and Southeast, notes that as the company continues its financial turnaround, his internal presence has been more vital than ever.

"This is the first year that I've missed two major industry conventions," he notes. "I just prioritize things and say it's more important to spend more time with my people. I think my time is better spent in my organization.

"It's not that I want people to look at me as the big

shot," adds Burns, "but I think it's important they understand that there's someone at the helm. I'm not behind closed doors. Visibility within the company is very important. You can't just do it by e-mails. You've got to do it in person."

Face-to-face time

For many CEOs, the importance of in-person communication extends outside of the company. According to the survey, when it comes to communicating face-to-face with external constituents, on average respondents said that 37.6% of CEOs' time should be spent in that manner.

FreshDirect, a Web-based grocery and meal delivery service in New York City, has a prominent presence in the city because of its ubiquitous delivery trucks. It also has a highly loyal customer following. For those reasons, CEO Steve Michaelson believes that having a meaningful interaction with customers is essential.

When the company recently sent out a statement of its environmental intentions for the next year to its customers, there was much feedback. Michaelson says he responded personally to many of them.

Michaelson takes that customer interaction a step further at least once a year. On the day before Thanksgiving, he and other

senior executives are stationed throughout the city with coolers containing some of the most frequently ordered items. If for example, someone orders a pumpkin pie and receives an apple pie instead, it is Michaelson that will ring the doorbell to bring the proper item.

"The fact that there are a variety of senior executives from FreshDirect making those deliveries... provides us with an opportunity for some legendary service and some stories that people will tell that are wonderful," he says.

He adds that such an activity can not only impact the reputation of the company, but can also spark positive word of mouth.

Customer involvement

Encouraging word-of-mouth referrals among customers is something that should be top of mind for companies looking to grow or sustain business.

Papyrus, a chain of retail stationery stores, identifies and targets a group of loyal customers with its Perfect Card program. Customers who are part of the program receive exclusive offers and are included in discounts often reserved for friends and family of employees. Such tactics, while not a formal, marketing-based word-of-mouth program,

can ultimately have a great impact, says CEO Dominique Schurman.

"We're hoping that through their experiences and engagement that they'll communicate that to other people," she notes. "We've always found that a referral or recommendation is the most powerful way for us to build customers."

While CEOs stated that they are providing online tools to promote word of mouth and segmenting their audiences, it appears that most are not taking that segmentation seriously enough.

"I don't think people are creating enough segmented channels of communications to the many different kinds of customers," Burson's Penn says, adding that companies must open more extensive two-way channels with customers and also incorporate online tactics.

"They've got to step up to more sophisticated ways of communicating to all their customers," he adds. "That approach will be well received in the marketplace."

Mark Gumz, president and COO of Olympus America, notes that the company identifies

customer segments within its different businesses to find groups that can be considered influential to the company's future success.

For its consumer business specifically, for the past few years the company has implemented the Olympus Visionaries program, which comprises pro photographers that use Olympus' digital cameras in their daily work. These photographers - including Jim Sugar, John Isaac, and Gary Cralle - are not only involved in helping develop new products, but are often put forth to speak about Olympus' products, most recently the E-3 digital SLR camera.

Olympus' Gumz says that company views both internal and external PR counsel as an important part of the business.

"We believe in PR and we believe in it as the foundation of our message," he says. "We look at our PR agencies as our partners - we include them in our planning meetings. We want them to understand what it is we hope to achieve and to be able to provide the foundation we build on.

"We really believe that without a strong PR campaign or effort, the rest of the message is going to fall deaf," he adds. "I personally believe that and I think we've gotten that point across with our

business people, as well." Of course, raising brand awareness is still viewed as the most important way PR and communications can impact the business.

"We're using [PR] really to build our brand," says PBD's Becker. "For our type of business, I happen to believe that's the most effective use of marketing. We're not selling a \$5 widget to millions of people. We're selling a long-term engagement - often several years - to a handful of clients. You have to get them to come to you and you have to give them a compelling reason to want to do that."

Impact on talent

Brand recognition and reputation can also help with another increasingly difficult challenge for CEOs: recruitment and retention of top talent.

"Finding talent is really one of our biggest challenges," Becker says. "Being in a creative business, it's really about the talent."

Becker is not alone in feeling the pressure of finding high-quality employees. The survey found that 63.2% of CEOs identified recruiting talent as a "very big" challenge at their company; 47.2% noted that employee retention was a "very big" challenge. In fact, 54.9% noted that recruiting talent has become a "much greater challenge" over

the past two years, while 45.1% noted that the same was true for employee retention.

"In general, business is working against the backdrop that working for big business is seen as less desirable and less secure than it used to be," says Penn. "Particularly for those businesses, it's making talent recruitment even harder."

While FreshDirect's Michaelson says that finding talent for the company is a fairly straightforward process, he acknowledges the impact that the company's reputation has on the process.

Gumz interviews about 20% of the company's prospective employees - typically manager level and above. He says that the issue of the company's corporate citizenship is one that often comes up.

A clear message for all

CEOs certainly are under an enormous amount of pressure these days, having to deal with a slowing economy, increasingly informed consumers, and the ongoing challenges of recruiting and retaining quality talent. So it is more important than ever for CEOs to have a focused and clear message for all constituents - whether they are employees, customers, business partners, or media.

"The most important thing for a CEO is to really outline the vision of where he's taking the company, and for that vision now to include how the company is going to perform, how it [will] create great products, and how it [will] be a good corporate citizen," Penn explains. "I think people are looking for a vision to include all of those things. The days of just talking about the numbers are gone."

The PRWeek/Burson-Marsteller survey on the importance of PR to CEOs was conducted by PRWeek and Millward Brown using the Lightspeed panel. E-mail notification was sent to approximately 522 corporate professionals and a total of 144 CEOs completed the survey online between September 11, 2007, and September 24, 2007.