



Ampersand Corporate Affairs Insights 2012/13

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In its second annual gathering, the 2012 Corporate Affairs Summit was held in Sydney recently. It was attended by some of the most esteemed Corporate Affairs practitioners in the country, together with strong offshore representation. It was a terrific opportunity for the industry to engage in robust debate, swap stories, share key learnings, celebrate successes and enrich professional networks.

This year's event reinforced the critical importance of the Corporate Affairs function in today's ever changing business landscape and its relevance to every cross-functional division, team, project and individual. As a function, Corporate Affairs has earned its credible seat at the executive table and more than ever, is viewed by CEO's and Executive Heads as a critical and valued shared service. And so it should, as those of us within the fold would undoubtedly agree.

Corporate Affairs has earned its stripes and if the last few years of global economic turbulence is anything to go by, the function will continue to be relied upon to deliver strategic counsel, protect and uphold corporate reputation and present its view to executives and stakeholders alike.

Discussions gave rise to the ongoing challenges for Corporate Affairs. It's an issues rich marketplace, no matter the sector or industry. We're still dealing with the hangovers from the last few unprecedented years in business, managing today's complexities and preparing for tomorrow's challenges. Public trust in corporate, NGO's and Government is the lowest it's been in 10 years. It's not a remit for the faint hearted.

As active Summit participants, there were a number of themes presented with which we all hold a view on, together with some thought provoking insights we'd like to share in this summary.

Imperatives of a High Performance Corporate Affairs Framework

The function of Corporate Affairs is continually evolving with increased economic pressures and a changing business landscape. If not already, there is a necessity for the function to sit firmly at the heart of any organisation and be integral to key commercial decision making.

“Corporate Affairs must be a multidisciplinary team and cannot be viewed as a reactive cost centre, if you are; there is the possibility of becoming ostracized.”

Phil Hayes-St Clair, General Manager Corporate Affairs, Transfield Holdings.

Key discussion points raised:

- The role of Corporate Affairs is to bring the outside in and provide intelligence to the Managing Director, CEO and Board with regard to what they should see, touch and feel. Critically, it must be an integrated function and have a seat at the executive leadership table.
- Organisations must deliver to their bottom line so functional impact and value needs to be measurable. Corporate Affairs output and impact must be linked to KPI's critical to business success, whether it be business performance measured by financial metrics, reputation management, brand impact, people and culture impact and effective issues management. Importantly, we must not forget to simply...*tell the business, customer and people story.*
- There must be a strong link between the Corporate Affairs function and governance.
- You need talent with deep dive skills who present an expert view and can deal with technically complex and sensitive subject matter.
- Varied backgrounds are being considered for the function such as management consultants, given the dominant advisory capacity corporate affairs must act in.
- Corporate Affairs must be in equal parts an inwardly and outwardly focused function.
- The importance of ongoing vigilance around message protection and consistency, particularly with growth across digital channels and the increasing cynicism of consumer and business sentiment.



Issues & Crisis Management

One of the most critical roles of the Corporate Affairs function is the ability to prepare for issues and to effectively manage crises, in order to protect and uphold reputation.

“A crisis managed well is worth 2-3 cents to a share price”

Stephen Woodhill, General Manager of Corporate Affairs, Metcash

“Just because it’s a good PR outcome doesn’t necessarily mean it’s good for the business”

Jeremy Mitchell, Director of Corporate & Public Affairs, Huawei

- It’s the role of Corporate Affairs to know your stakeholders – the proponents, the antagonists and everyone else in between. But knowing these individuals is just the first step. You need to audit perceptions, opinions and attitudes – find out what people really think, where the issues lie and the gaps or opportunities sit. Then put an engagement plan in place but don’t forget to tailor it to each cohort.
- Don’t be afraid to call on the learnings of other organisations to bring into effect best practice.
- A poorly managed crisis will have serious commercial impacts, particularly for listed companies.
- The key to handling any crisis well is preparation, speed, empathy and a demonstrable solutions focus.
- There is a place for corporate silence but Corporate Affairs must always have a voice - the considered voice.
- A crisis plan needs to be fluid, adaptable to the situation at hand - no two crises are the same.

Social Media

The discussion around technology trends that are shaping strategy was an interesting one. Whilst social media is playing a critical role in the genetic makeup of business today, this must be linked to the overarching business and customer strategy.

“The need for speed has changed when handling an issue with the twittersphere and facebook. We don’t have the luxury of time anymore.”

Peter Taylor, Director of Corporate Affairs, Carnival Australia

“Social media is a fundamental must for any brand.”

Nic Frankham, Director of Public Affairs and Communications, American Express.

- It was evident that social media was more prominent in industries and organisations which have a strong direct to consumer channel or interface. Many organisations are using social media with great success with some notable cross-sectoral examples such as Google, Dell, American Express and more locally, the ABC and the Australian Football Federation.
- For many it’s another channel opportunity to converse with consumers and build brand connection. For others it’s a means of having a voice and being a part of a conversation that is happening anyway.
- A clear social media strategy is important however even with the tightest of roadmaps, there is the potential for negative and public negative sentiment. Preparation and a swift response is key to good social media management. You need to be truly reactive, current and up for the debate if you choose to enter the sphere.
- Social media channels such as Twitter, LinkedIn and Facebook are increasingly used as a vehicle to convey the brand message but also to track perceptions and sentiment.
- The conversation is happening anyway, so why not be a part of it.



Internal Communications

Whilst the internal communications function can vary from business to business, it was clear from discussions that it should be considered a critical function in its own right and is integral to the overall Corporate Affairs strategy. We've seen the impact and credibility of internal communications rise over the last ten years, with stakeholder management, people engagement and cultural impact being key drivers during periods of continual organisational change.

Where there is room for the function to further grow as *best practice* evolves in Australia, the ability to consistently and confidently influence internal organisational drivers, vision and decision making is critical. Where external affairs can be measured by brand, reputation and impact on share price or bottom line performance, internal communication needs to find its compelling measurement. Engagement, culture and internal tactics that reflect organisational vision are current measurements. The relationship between HR, business transformation and change, marketing and external affairs remains strong.

“Despite that much of our workforce is mobilised – face to face communication is always the most highly requested.”

Sandi Shrimski, Global Internal Communications Manager, Dell.

The out-takes:

- People come first.
- Employee engagement strategies should be developed with as much rigour as external communications. You must talk to your people in the same way you talk to your customers.
- You need to build internal brand ambassadors.
- Global companies are communicating 24/7 to each other, so your communication channels need to be efficient i.e. newsletters, intranet, publications, web and audio casts, twitter, webcasts, virtual meetings and online training.
- Still the most effective form of communication is face to face.
- Change communications is an emerging function but often misunderstood. You need robust internal communications capability to tackle complex change and transformation initiatives.
- Internal communications must have a voice at the senior leadership table, whether it's via Corporate Affairs (preferably) or Human Resources (depending on where the discipline sits and the size of the organisation).

Government Relations

Whilst government relations and policy is considered a niche function, it should dovetail with the overarching corporate affairs strategy.

“Make friends when you don't need them. To make them when you need them is too late.” *Rene Summer, General Manager Government and Industry Relations, Ericsson Group.*

- Organisations must understand what the Government needs and how the system works.
- Take a bipartisan approach.
- Build relationships at all levels of Government and drive relationships with cross-functional senior executives within the organisation – develop as many touch points as possible.
- As always, think strategically, act tactically – communicate with Government directly and not via the media.
- Identify the most important policy issues that influence the strategy of the organisation and start there.



And, Authenticity

Throughout the Summit, there were strong references to the role *authenticity* and *trust* plays within any organisation and without it, you may fail to operate and deliver upon your people, customer and shareholder promises.

“Legitimacy allows you to operate, trust allows you to flourish.”

Dr. Simon Longstaff, Executive Director, St James Ethics Centre.

“Leadership is directly linked to Authenticity. It has to come from the top.”

Nick Stace, CEO, Choice.

- We must know our businesses intimately, from the inside out – organisational performance drivers and growth mandates; internal people and cultural strategy; organisational vision and values; external market and competitor intelligence; current reputation and future opportunities to shape it; know our people; know our customers; meet stakeholder expectations; provide strategic counsel and considered advice to our CEOs, Boards and Executives; deliver our promises.
- Be brave to tell consumers what they need to hear and not what they want to hear.
- Authenticity starts with your employees - our most critical ambassadors, they need to be believers.
- Authenticity is daring to be real, it stands the test of time and it's a reflection of how we behave.
- The community will often look for the exception and not the norm to form opinions.
- Authenticity builds sustainable trust and loyalty.

The Corporate Affairs Summit 2012 was a resounding success with some terrific insights into the importance of this continually evolving and critical function. In short, Australian organisations are in good hands. The calibre, thinking, diversity and passion of Corporate Affairs practitioners in this country is becoming more and more compelling. We continue to be proud of our association and advocacy of such a talented group of functional heads and business leaders.

Although still a niche discipline, Corporate Affairs continues to go from strength to strength. It remains front and centre in Group structures and as our local capability and sophistication grows rapidly, so too will the continued evolution of the function on our local shores.

We watch with interest the functional trends both within Australia and globally and view our role as not only to map, source and engage top executive and emerging leadership talent but to offer functional advocacy, structural design and capability assessment, and cross-sectoral advice to our client partners at CEO and Executive level.

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- **Marketing, Product & Insights**
- **Digital**
- **Human Resources**
- **Sales & Business Development**

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- **Change & Transformation**
- **Project Management**
- **Strategy**

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