



With a majority of global companies having weathered a reputational crisis within the past two years, it's not surprising that improving corporate reputation tops senior management's expectations for chief communications officers (CCOs). Leaders recognize that good reputation bestows many benefits upon organizations, including shielding them from the risks that can become reality. Most likely this is why CCOs today rank crisis management experience as the most important requirement for the CCO of tomorrow. In fact, the value of crisis management expertise has risen nearly two-fold since 2007.

How are CCOs meeting the relentless demand for better reputations and risk-minimizing communications? They are simultaneously focusing on their traditional functions while incorporating new ones. They continue to face the challenge of mastering social media while still nurturing traditional media relationships. They are dealing with a resurgence of corporate social responsibility on the reputation agenda after a reprieve during the down economy. They are revamping internal communications capabilities as employees become more visible frontline stakeholders. They are becoming increasingly mindful of consumer attitudes toward not just their own brand but toward their industry at large. CCOs are juggling all of these shifts while their budgets are influenced by epic forces such as the global economy and government regulations.

Yet, so important is the CCO's function to senior management that communications budgets have remained intact during the past four years despite severe fiscal challenges throughout the corporate world. The CCO maintains a seat at the corporate

“ In order to have a great and lasting reputation or brand, it is necessary – now more than ever – to be a great and lasting company. And the CCO must be its steward and the curator of its essence – its corporate character. ”

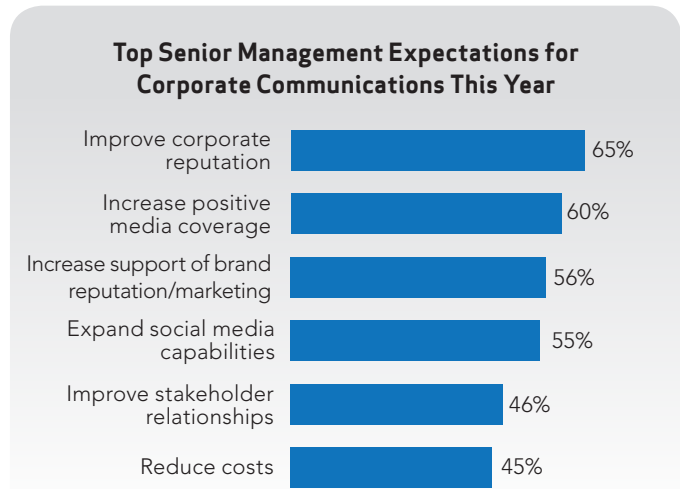
-Arthur W. Page Society, Building Belief: A New Model for Activating Corporate Character & Authentic Advocacy, 2012

leadership table with rising tenure and a strong relationship with the CEO.

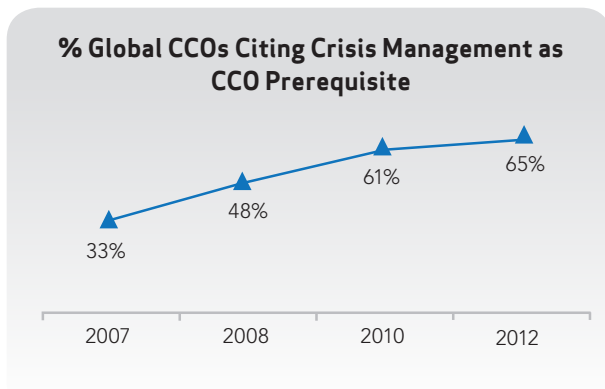
Spencer Stuart and Weber Shandwick have been monitoring the evolving role of the CCO since 2007 by partnering on a comprehensive quantitative survey of global CCOs. *The Rising CCO*, now in its fourth installment, examines the roles, responsibilities and opinions of CCOs in the world's largest companies.

IMPROVING COMPANY REPUTATION: THE CCO's MANDATE

- Improving corporate reputation tops the list of senior management's expectations for corporate communications this year, as reported by approximately two-thirds of global CCOs (65%). This prominence is not surprising given that reputational crisis is practically a fact of life for large companies globally – nearly three-quarters of CCOs (71%) experienced a crisis threatening their reputation in the past two years.



- The ability to manage the events that can harm reputation has quickly risen as a critical experience for tomorrow’s successful CCOs, considered nearly twice as important in 2012 than it was in 2007 (65% vs. 33%, respectively). Managing crisis has become so important to the C-suite that approximately one-quarter of CCOs (24%) say their senior management expects them to develop or enhance crisis monitoring tools this year.



- Among the motivations for making reputation a priority:
 - Good reputations protect against risk. CCOs of the world’s most reputable companies* are much more likely than the average global company to believe they are prepared to manage social media threats (54% vs. 29%).
 - Reputation crisis costs. Of the companies that recovered from a reputational crisis during the past two years, the crisis took an average of 15 months to resolve, with the CEO playing an active role in roughly three-quarters (74%) of the cases.

Among Companies That Have Resolved A Crisis

Average # months to resolve crisis	15
CEO was active in resolving crisis	74%

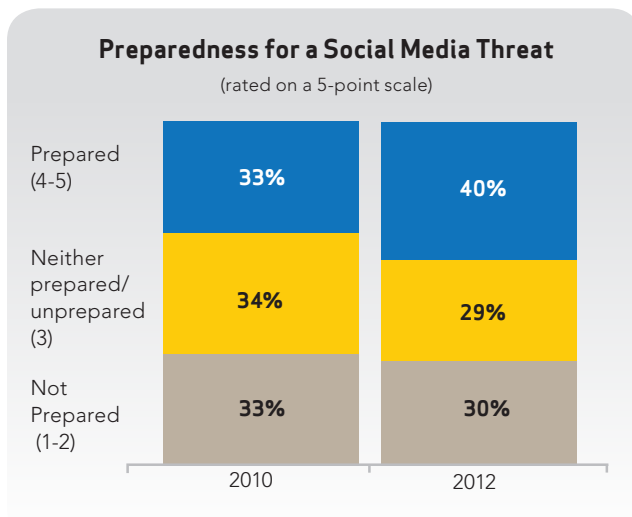
SOCIAL MEDIA: THE MOST INFLUENTIAL MARKET FORCE NOW

- CCOs in all regions in our study identified social media as the top business or market force expected to most influence communications budgets in the upcoming year, ranking just above the global economy.

Business or Market Forces Expected to Influence Corporate Communications Budget in Upcoming Year	Global CCOs
Social media trends	39%
State of the global economy	37%
Government regulations	34%
Globalization of our business	29%
Political environment	27%
Emerging markets	23%
Proliferation of media channels	21%
State of the economy where we are headquartered	18%
Anti-business climate	17%
State of our regional economy	13%
Product safety	13%
Healthcare	10%
Litigation	8%
Privacy	5%
Civil unrest	4%
Other	10%

*As based on FORTUNE World’s Most Admired Companies ranking

- Just four in 10 CCOs are confident that their companies are prepared to deal with a social media-based threat. While this is an improvement from 2010's preparedness level (33%), it still accentuates a high level of discomfort with the lurking risks in social media. Probably for this reason, CCOs rank social media as their top challenge in the year ahead.



- Social media tools, collectively, are expected to grow more than any other communications tool during the next year in all regions. Similarly, online/social media community management as a communications function is expected to grow most dramatically by next year, regardless of region. CCOs report that they added social media more than any other function during the past 12 months.
- Despite its prominence on CCO agendas, it seems that CCOs are still struggling to figure out how to measure their success using social media. Among a list of 17 metrics for evaluating communications effectiveness, those relating to social media rank the lowest in importance. Of these social media metrics, company references in social media is the highest ranked metric (32%), followed by the number of social network

users who "Like" the company or join network groups (22%), the number of contributors to social media sites (20%), the number of hits/views company online videos receive (20%) and the number of Twitter followers (17%).

- CCOs do not consider social media a function to be relegated to junior staff. As a pre-requisite for being a successful CCO, social media experience ranks above a host of other experiences and personal characteristics, including persuasiveness, sophisticated writing skills, political savvy, charisma/presence and journalism experience. They recognize that it is part of their job today.
- Social media is not the root of all crises today. Nearly half (46%) of the companies that recovered from a crisis that took place in the past two years report that social media *did not* play a role in the crisis and only seven percent said the crisis began in social media. However, when social media is involved in a crisis, it is more likely to help the resolution than exacerbate it (34% vs. 22%, respectively).

POSITIVE MEDIA COVERAGE STILL KING: REMAINS THE MOST INFLUENTIAL METRIC AND STILL VITALLY IMPORTANT TO SENIOR MANAGEMENT

- Favorability of media coverage continues to be the top-ranked metric used to evaluate communications effectiveness (80%).
- Six in 10 CCOs report that their senior management expects them to increase positive media coverage for the company this year. In fact, it is ranked only behind reputation management (65%), signifying management's high regard for the media's role in defining reputation.
- Media impressions, the holy grail years ago, is rated as an important metric by only four in 10 CCOs (43%).

- It is understandable that leadership places such value on the media, since the most pervasive impact of a reputation crisis is more media scrutiny (60%).

Effects of Crisis Besides Threat to Reputation

(among those experiencing a crisis during past 2 years)



- Despite the ubiquitous coverage of social media, media relations edges out any single social media channel as the tool that will increase most dramatically in importance over the course of the next year.

**CORPORATE RESPONSIBILITY:
THE RISING REPUTATION SAFEGUARD**

- Nearly eight in 10 CCOs (76%) believe that corporate social responsibility (CSR) is critical to safeguarding reputation, and approximately half (52%) say the need for a dedicated CSR communications professional is growing at their companies. Nearly four in 10 global CCOs (38%) have either hired individuals with CSR communications expertise during the past year or plan to hire such individuals over the course of the next year. Approximately one-third of CCOs (34%) say they are training their current team on developing their CSR communications skills.

Importance of CSR (rated 4 or 5 on 5-point agreement scale)	Global CCOs
CSR is essential to helping protect our company's reputation	76%
CSR is embedded in the culture of our company	59%
The need for a dedicated CSR communications professional in our organization is growing	52%
Hiring/hired CSR communications professionals (net)	38%
<ul style="list-style-type: none"> In the past year we have hired individuals with CSR communications expertise In the next year we plan to hire individuals with CSR communications expertise 	31%
We actively train our team members to improve their CSR communications skills	24%

- As a testament to its critical role in bolstering reputation, corporate responsibility is a higher priority on the agendas of those companies that experienced a crisis in recent years.

Importance of CSR by Crisis History

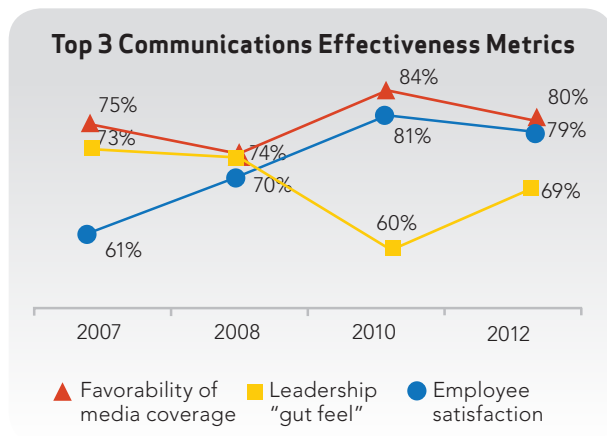


*Note: small sample

- The directive for strengthening CSR is not only coming from within the company but from consumer pressure as well. Approximately one-third of CCOs (34%) report that consumer attitudes toward the environment impacted their job during the past two years.

INTERNAL COMMUNICATIONS: THE EMPLOYEE TAKES A SEAT AT THE TABLE

- As a metric for gauging communications effectiveness, employee satisfaction/engagement has risen dramatically in importance since 2007 (from 61% to 79%). It is now practically tied with the leading metric, media coverage favorability (80%), and surpasses the CEO's "gut feel" by a sizable margin (69%).



- Employee criticism is a risk concern to more than one-third of global CCOs (36%), underscoring the importance of employee engagement. This level of concern likely stems from the escalation of social media, as the channel makes it easy for a disgruntled employee to air his or her grievances to a broad audience.
- Change/internal communications management was ranked by global CCOs as the third most frequently added communications function during the past year and by nearly the same number of CCOs who say they added a social or environmental responsibility function (10% and 11%, respectively).

INDUSTRY REPUTATION: PART OF THE CCO'S JOB

- CCOs today have more to worry about than consumer perceptions of just their own company or own products. Now they must recognize what consumers are thinking about regarding their entire industry. In fact, consumer attitudes toward a company's industry is considered by CCOs to impact their jobs even more than consumer attitudes toward other forces such as the economy and product quality issues.

Consumer Attitudes That Impacted CCO Job During Past 2 Years	Global CCOs
Toward our industry	51%
Toward the economy and spending	41%
Toward product or quality issues	38%
Toward the environment	34%
Toward big business	33%
Toward the government or politics	17%
Toward privacy	7%

- Those companies who sell to both consumers and other companies (B2B+B2C) are often the most affected by consumer opinion toward their industry, relative to B2C- and B2B-only firms (66% vs. 49% and 43%, respectively). These firms with the widest variety of stakeholders have the most to lose from negative consumer opinion.

HOW CCOs DIFFER BY REGION

- European CCOs are the least tenured, with North American and APAC CCOs surpassing them by approximately two years. European CCOs are also the most likely to report to the CEO, Chair or Vice Chair.
- European CCOs are much more likely than North American or APAC CCOs to have marketing responsibilities. Since marketing executives have experienced relatively short tenures in recent years, perhaps this accounts for shorter European CCO tenure.
- North American CCOs feel they are the most prepared to deal with a social media threat to their companies' reputations.
- Both North American and European CCOs report that the most pervasive consumer attitude impacting their job in the past few years has been attitudes toward their industry, while APAC CCOs report consumer attitudes toward product quality issues have affected their jobs the most.
- Each region is dealing with a different top expectation from senior management. In North America, CCOs are expected to be on top of social media, in Europe it is corporate reputation and in APAC it is media coverage sentiment or favorability.
- All three regions rank media coverage favorability and employee engagement as top criteria for evaluating communications effectiveness. However, North Americans also weigh in the CEO's opinion, European CCOs regard quantitative awareness and attitudinal data highly and APAC CCOs take into consideration awards and recognition.
- European CCOs are the most likely to expect that in one year Twitter will rise most dramatically as an important communication tool.
- North American CCOs do not seem to be ramping up their departments for communicating their corporate responsibility initiatives to the same extent as European or APAC CCOs. Perhaps they are, or feel they are, already covered in this area.

REGIONAL DIFFERENCES

	North America	Europe*	APAC*
Average tenure as CCO	6 years, 10 months	4 years, 5 months	6 years, 1 month
Report to CEO/Chair/Vice Chair	46%	61%	29%
Have marketing oversight	17%	42%	11%
Prepared for social media threat	53%	32%	29%
Top consumer attitudes impacting CCO's job in past 2 years	Toward industry	Toward industry	Toward product or quality issues
Top senior management expectation for corporate communications this year	Expand social media capabilities	Improve corporate reputation	Increase positive media coverage
Top 3 most important communications effectiveness measures	<ul style="list-style-type: none"> • Favorability of media coverage • Employee satisfaction/engagement • CEO's "gut feel" 	<ul style="list-style-type: none"> • Favorability of media coverage • Employee satisfaction/engagement • Awareness/attitudes data 	<ul style="list-style-type: none"> • Favorability of media coverage • Awards and recognition • Employee satisfaction/engagement
Microblogs/Twitter will increase most dramatically in importance as a tool in one year	7%	23%	7%
CSR communications differences:			
The need for a dedicated CSR communications professional is growing	41%	61%	61%
Are hiring/have hired CSR communications professionals	35%	57%	30%
Train team members to improve CSR communications skills	27%	46%	43%

*Note: small sample
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ABOUT THE RISING CCO

The Rising CCO IV surveyed 142 senior corporate communications professionals from companies based in North America, Europe, Asia Pacific and Latin America. The majority of respondents work in global Fortune 500 companies. The survey was conducted online from January – March 2012. Respondents included individuals with titles such as Chief Communications Officer, Head of Corporate Communications, Senior VP Communications, Head of Corporate Marketing, and Global Chief Public Affairs Officer.

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