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The Next Big Test

Royal Philips Electronics has developed a themed messaging methodology for greater consistency. By **Jules Prast**.

Are quality and accountability high enough up on the agenda of public relations practitioners? I am not convinced that they are. At Royal Philips Electronics these issues came my way soon after I joined the company in 2000. After a difficult time in the early 90s, Philips had undergone a period of portfolio change and financial discipline, and adopted a governance model that placed bottom line responsibility firmly with the group's businesses.

Despite the successes in winning back the confidence of shareholders, these measures had produced an unintended, less positive, impact on the company's internal and external communications. Fragmentation and "financialization" had started to undermine the ability of the company to reach out to multiple stakeholders with a consistent, strong, balanced story. Management had realized this and when I came to Philips, there was a climate at the top of the company that stimulated the process of getting things changed for the better in our communications as part of an effort to build on a more effective organization.

As a company you have to select a communications model that fits and supports your culture, strategy and configuration. Given the diverse nature of Philips' businesses – lighting, medical systems, domestic appliances, consumer electronics and semiconductors – we adopted an "orchestration model". This required the businesses to participate in a global communications management system. In accordance with established best practice in other large international companies, we also organized our internal and external communications around themes that served as a common reference point. In this way of working ongoing announcements become proof points and their relevance vis-à-vis the chosen themes determines their priority and tonality in the joint communications planning process.

This kind of theme-driven communications approach is well understood by management and it also energizes the PR community. In a sense, it copies the campaign-style way of working from the political environment and brings it into the corporate world. "Themed messaging", as we have come to call the methodology which we developed together with the Brodeur Worldwide PR agency, enables a company to communicate its own agenda and reduce its dependence on

external factors. What's more, the practice has proven to be successful not only at the corporate level, but also within our individual businesses. Here, product innovations are beginning to contribute to the public perception of moving towards our stated goal of becoming more of a market-driven company. Likewise a push on sustainability leads to a global unified voice on this issue. Measurement shows a consistent improvement in competitive share of voice and favorability.

The key to our themed messaging approach is that we have taken a corporate reputation model as a starting point to structure the way in which we tell the Philips story. Our assumption was that this model should provide a solid base for balanced messaging. There are various models for reputation management and the one we found useful to apply to our corporate communications is a version described in the recently-published book 'Fame and Fortune. How Successful Companies Build Winning Reputations', by Charles Fombrun and Cees van Riel (Financial Times Prentice Hall, 2004). From this, we derived a set of categories we call "message platforms", consisting of Vision, Marketing, People, Performance and Sustainability. In a formalized annual planning process, the global leadership of the communications function defines next year's corporate and business themes within the framework of these platforms, validates these with management, and subsequently deploys them to corporate and marketing PR. Our leadership team meets every quarter to review the measurement and update its planning.

Measurement has been the key to securing a place for PR on the management agenda; the CARMA media analysis we use was an especially powerful tool to get a critical, cross-company dialogue going on the relative effectiveness of messaging and PR methods in a competitive context; it also helped us with the initial validation of the messaging model, and to calibrate our corporate storytelling.

Obviously, media analysis is just a single instrument in a suite of measurement tools; others include employee motivation studies, marketing intelligence on brand preference with customers and consumers, and internal customer satisfaction surveys which tell us to what extent our Philips businesses see the global communications function as adding value. The latest addition

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to this suite is multi-stakeholder research into Philips' corporate reputation in key markets across the world, which enables us to develop reputation scorecards and related action plans for functions and geographies.

The changes in our communications have coincided with a major change program within Philips, called "Transforming into One Philips". The dual aim of this program is to drive

down cost and to promote a culture in which we can also grasp the market opportunities at the boundaries of our businesses. Communications has proven to be a key instrument in realizing the strategic business alignment and it will continue to be an important agent, as Philips works to change public perception of it from a traditional consumer electronics group into a healthcare, lifestyle and technology company, with a single face and voice to customers and to consumers.

Analytical rigor is a given element within the context of the Philips quality management system. I have to admit that, for me, it posed an initial challenge to underpin the added value of PR with "hard" measurement. Now I always have to explain to an often-wary audience of public relations practitioners that the Philips approach does not take the fun out of our profession and does not limit our famous intuition for sensing waves in the dynamics of public opinion. No, measurement enables you to carry out a reality check on your intuitions and test your actions for their effectiveness. On my side I often challenge PR agencies to show more leadership and have the courage to report their effectiveness based on independent, rather than proprietary measurement. So far I detect more lip service than real support for this. Is anyone up to this challenge?

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