Guide to Increasing Collaboration Between the Communications and Ethics Offices

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Introduction

Success in business today requires organizations to engender trust in its management of complex technological, regulatory, social and economic challenges. To avoid unethical behavior in meeting these challenges and nurture cultures where all stakeholders gain, ethics and communications officers must work together to ensure that employees, vendors and other stakeholders understand that ethical behavior is expected and violations of trust will not be tolerated. Achieving this goal is not magic. It takes a mindset and a skill set that can be cultivated and refined.

Ethisphere Institute, the global leader in defining and advancing the standards of ethical business, and PRSA, the Public Relations Society of America, the nation’s largest association of communicators, are pleased to partner and share insights from the World’s Most Ethical Companies®, as well as research and best practices on building accountability, strengthening corporate culture and inspiring more ethical leadership.

It is our intention that this guide not only generates discussions and debate, but serves as a useful tool for those committed to creating high trust and high performance organizations.
Ethical Leadership
Who Are You Really?

Brian Goldner, President & CEO for Hasbro, Inc. discussed how sharing an authentic story can inspire ethical behavior.

At Hasbro, storytelling is integral to everything we do. You see it in our brands, which embrace storytelling as a way of fulfilling our mission to “Create the World’s Best Play Experiences.” You see it in how we engage with consumers, who no longer think of us as a toy and game company but as a source of immersive entertainment experiences.

But one of our most powerful uses of storytelling is in how we see ourselves—as individuals, community members and corporate citizens. That’s because the best stories do more than just entertain; they also reveal deeper truths, carrying audiences on a powerful journey rich with challenges, growth and change. Stories can help shape how we think, who we are and what we do.

We know this from experience. The story of Hasbro’s journey to help build a safer, more sustainable world for future generations has had a significant impact within our walls. It’s helped us build a culture of integrity, in which ethical leadership is a given and each of us takes accountability for our actions. It’s helped us weather crises, work through our challenges and strengthen our relationships with numerous stakeholders. In short, sharing our story has helped make us a better company.

Stepping out

Hasbro has always been committed to doing the right thing as a company. But for most of our 90 years of existence, we lived by this mantra while keeping a relatively low profile. Like most companies, we believe that acting ethically is our internal compass but saw little reason to discuss our behavior externally.
But then the toy industry crisis hit in the late 2000s. Seemingly overnight, millions of Chinese-manufactured toys were recalled for having elevated levels of lead paint. Other industries experienced similar recalls, including pet food, toothpaste and lipstick. Suddenly everyone from the media to consumers to US policymakers wanted to know what toy companies were doing to keep children safe.

We were in much better shape than many of our competitors. Thanks to our safety standards and quality assurance processes, we didn’t experience a single product recall. But we knew we couldn’t just wait for the crisis to blow over. And then we made a critical shift. We changed our point of view. Rather than looking at transparency as having nothing to hide, we looked at it as having something to share. We knew we had an important story to tell about product safety, so we started talking about it. We worked closely with US Congress to shape new legislation and testified to share our industry-leading testing protocols for lead paint in third-party factories. We, in turn, worked closely and collaborated with regulators, our industry and non-governmental organizations (NGOs) to develop sound global standards. We became known on Capitol Hill as a company that accepted accountability for our products throughout the value chain and was willing to share stories and experiences for the collective good.

This philosophy—this story of our accountability—now defines our approach throughout the company. We participate in candid conversations about difficult issues within our industry. We continually evaluate our actions by asking how they’ll affect individuals, communities and even ecosystems. By sharing how we do things and why they matter, we’ve created an expectation of ethical behavior at Hasbro that continues to ripple throughout our business.

Ethics through engagement

Our evolving sustainability story is also a point of pride at Hasbro. When we released our first CSR report in 2011, we engaged with consumers, shareholders, NGOs and other stakeholders to learn what they cared about most. We’ve since made great progress in many of those areas. In 2013, we eliminated PVC from our toy and game packaging. Three years earlier, we stopped using wire ties in our packaging, which saved approximately 34,000 miles of wire in the first year while also making our packages easier to open.

We also addressed the environmental impact of our operations, cutting GHG emissions at our owned and operated facilities by 32 percent from 2008 to 2012. In addition, we now source over 85 percent of our paper and paperboard packaging from recycled materials or sustainably managed forests. We have even more ambitious goals for the future.

On the other end of the spectrum, we’ve been up front about our biggest environmental challenges. Finding alternatives to the materials we use to make our products will always be difficult, because our products must be able to withstand reasonable use and abuse during play. We acknowledge the need to find materials with a lesser environmental impact, but it’s a long-term process.

These are lessons that apply to all companies, in all industries. Communicating the things you do well, the things you aspire to do better and the challenges you need to overcome leads to openness and accountability. It makes your relationships with stakeholders—consumers, employees, shareholders and regulators—more
consistent, trustworthy and transparent. Because our stakeholders know we’re not just checking off the boxes when we work together.

In Hasbro’s culture, if we’re consistent in our expectations, we can’t help but be ethical. How does this play out in practice? Our employees are more engaged, because they want to work for a company that shares their values and priorities. This is especially true with millennials, who fully expect companies to embrace and respond to pressing social and environmental issues. We also released a new code of conduct in 2014 that further clarifies our expectations, so they share in the accountability we’ve built company-wide.

Our consumers know that we can be trusted when talking about the safety of our products. We conduct thorough assessments throughout the entire development and manufacturing cycle to ensure we’re not missing anything. And children and parents are always top of mind when we look for ways to make the best play experiences while reducing our environmental impact, so we can contribute to building a better world for children and families.

Governments and NGOs know that we’re eager to collaborate and engage on difficult challenges and work together on solutions. In addition to working with US legislators on toy safety, we also engaged with NGOs when we developed our paper policy in 2011.

Our story resonates outside of Hasbro as well. We debuted on CR Magazine’s 100 Best Corporate Citizens list at No. 23 in 2012 and have been in the top 25 every year since. This year we ranked No. 2. And we’ve been named one of the World’s Most Ethical Companies® by the Ethisphere Institute for four years running.

Storytelling isn’t just a promotional strategy. Stories are how people process information. They can enthrall audiences, incite emotions and inspire action, making them incredibly powerful for companies wanting to motivate ethical behavior at every level. Our story has helped us become a smarter, more reliable partner to our stakeholders and a stronger business. That’s partially because it belongs to more than just us. It belongs to our employees, our consumers, our industry and everyone else with whom we do business. So invite others to share in your story. Your company will be better for it.
The Ethical Expectations of Leadership

Building and Busting Trust

My PR world is one of organizational challenges and troubled leadership. One of the collateral damages of this trouble is a loss of trust in leadership, often because of intentional ethical lapses.

I define trust as the absence of fear because when trust is severely damaged or gone, it is replaced by doubt. There is a strategy for sustaining trust, but it requires the systematic participation of leadership. Even in the most adverse circumstances, we expect leaders to be honest and act ethically.

We are surprised and disappointed when they fail.
Meeting ethical expectations

Leaders must implicitly and explicitly recognize the ethical expectations by everyone inside their company and by their constituencies outside their organization. Focus groups, polls and interviews reveal an important list of these ethical expectations:

1. Find the truth as soon as possible. Tell that truth and act on it immediately.
2. Raise the tough questions and answer them thoughtfully. This includes asking and answering questions yet to be thought of by those who will be affected by the circumstance.
3. Teach by parable. Emphasize the right and wrong options.
4. Vocalize core business values and ideals. Most values are a set of ideas printed and posted without much discussion. The values and ideals of a business are what employees bring to work every day.
5. Walk the talk. Be accessible – help people understand the organization within the context of its values and ideals at every opportunity.
6. Help, expect and enforce ethical leadership. People are watching and counting. People know when there are ethical lapses that result in broken trust. When bad things happen in good organizations, it’s those occasional lapses that deepen the troubles.
7. Protect and foster ethical pathways to the top of the organization. Identify and warn about situations where ethical processes can be compromised, especially among executives who are on upward career trajectories.
8. Make values more important than profits. Most people seem to enjoy working more when they are with organizations they respect, people they trust and leadership they can rely on. Whenever you find a company that puts values on the same level as profits, there is often even more loyalty and support because the company sacrifices profits for principle. Everybody notices.

Recovering from ethically damaging situations

There is a definite pattern of recovery behaviors that help leadership re-establish trust following a reputation-redefining circumstance. When these situations occur, employ the following strategies:

1. Talk now. Silence is toxic. Use social media to get information out quickly.
2. Stop producing victims and critics. Change your behavior and vocabulary, and recognize the power that victims have to further damage your reputation and trusted relationships.
3. Build a following. Reconnect with those who are critical to building your leadership and trust.
4. Build trust at every opportunity. Trust is a behavior. You must vocalize, explain and expect it.
5. Rebuild and maintain your base. Focus on those closest to you – employees, retirees, their families – and those who the organization has relationships with.
6. Manage the victim dimension. Victims and critics live forever; they are always with you. Pay attention to them. Not doing this often reignites their criticisms and your untrustworthiness.
7. Manage your own destiny. Everything said, written, broadcast or otherwise created about you and your organization lives forever. You need a strategy to correct, clarify and comment. Failure to manage your own destiny leaves it to somebody else who is ready to do it for you.
Your management recovery mantra should be: If it’s simple, sensible, sincere, constructive and positive, then do it now. Forget the rest.

The greatest ethical leadership responsibility is to recognize, talk about and lead those whose careers are advancing rapidly. After all, the urge to act unethically in small ways happens every day.

The Lexicon of Trust

One of the most serious challenges of building trust and ensuring positive relationships with customers, allies, colleagues, government and employees is what it takes to establish that trust in the first place.

It is, by far, easier to recognize the pattern of the behaviors and attitudes that damage trust or, at least, bring credibility and ethical behavior into question.

Trust is a fragile magical substance like the lignin in trees – it’s the glue that holds the fiber of relationships together. Trust is the most vulnerable agent in a relationship and is the product of ethical behavior.

Here is the Lexicon of Trust Building Concepts:

1. Trust: Generally the absence of fear; that feeling of reliability and that adverse situations, pain or mistakes have less impact or can be pre-empted if there is a trusted relationship

2. Candor: Truth with an attitude delivered very promptly – truth plus the facts, truth plus some perspective, truth that reflects the value of other observations on the same set of circumstances and facts

3. Credibility: Always conferred by others on those whose past behavior, track record and accomplishments warrant it

4. Integrity: Uncompromising adherence to a code of values by people, products and companies, with the attributes of credibility, candor and sincerity

5. Sympathy: The ongoing, often continuous, verbalization of regret, embarrassment or personal humiliation, promptly conveyed (i.e., feeling truly sorry for someone who is experiencing pain, but stopping short of taking on that pain)

6. Empathy/Compassion: Actions that speak louder than words. Empathy and compassion are about doing good and letting the good be self-evident and speak for itself – J.L.
Pay Pals

New federal overtime rules mean change for PR pros

When the U.S. Department of Labor’s (DOL) new overtime rules go into effect on Dec. 1, 2016, PR firms across the country will be faced with a major change in how junior employees are required to be paid.

On that date, employees who make less than $47,476 a year will become eligible to receive overtime pay. The current minimum annual salary for white-collar-exempt employees is only $23,660. The new law thus marks a major increase in the threshold at which white collar employees become exempt from overtime pay requirements under the Fair Labor Standards Act (FLSA), the federal law that governs how US employers must pay most employees.

If PR firms do not raise employee salaries to meet the new minimum level of $47,476, then a significant portion of the junior-employee population will be reclassified as non-exempt under the FLSA, and thus become eligible for overtime pay.

Managers of this employee population – especially in professions such as public relations, where junior employees are often expected to work long hours and be easily reachable by email and cellphones during off-hours – will need to adjust to the new rules. Companies may need to consider changing how they classify and pay some of these junior employees.

Transforming a culture

In the PR profession, several categories of junior employees will likely be affected by this new rule. According to a March 2016 PRWeek survey, median annual salaries nationwide are $37,500 for account coordinators and $40,750 for assistant account executives. Even many account executives (AEs) also have annual salaries nationwide that fall below the new minimum.
PR firms may not be currently tracking hours for these categories of employees because, historically, they have treated these employees as exempt from overtime requirements. Exempt employees receive the same pay regardless of how many hours they work in a week. Because of this, PR firms may not have focused closely on the total weekly number of hours worked among these employee populations.

In addition, under the new law, there will be automatic increases to this $47,476 minimum every three years. Employers will need to carefully assess how to change employee compensation, duties and working hours to manage the accompanying change in overtime costs.

The risk can be great for employers who don’t comply with the new DOL rules. Under federal law, employees can bring class action lawsuits for failure to pay overtime, including “off-the-clock” work. Employees who win such lawsuits can recover not only lost wages but also punitive damages and attorneys’ fees.

Preparing managers now

One key to managing overtime obligations going forward is for employers to prepare their managers now for this significant pending cultural and practical shift.

Managers will need to be more vigilant about how and when they assign work, and what time of day they expect it to be completed. Clear policies should be established regarding how and when managers communicate with non-exempt employees. Managers need to understand the potential financial consequences of asking employees to perform work outside of the regular business day.

Managers may also wish to limit after-hours communications with non-exempt employees so that junior-level employees are not encouraged to work “off the clock” without express approval.

Of course, in many situations, this may be at odds with the realistic demands of a fast-paced, client-centric profession such as public relations. PR firms therefore need to decide now how they will continue to timely meet client needs come Dec. 1. Some firms may choose to hire additional non-exempt staff to work the excess hours. And other companies may choose to pay overtime to existing non-exempt staff, or assign more work to exempt employees, while remaining mindful that both the bulk of their work still involves the performance of exempt functions, and that the excess work does not result in a morale issue for those employees.

PR firms with offices across the country will also need to take into account that variations in pay based on geography could result in different classifications for the same titles. For example, an AE who works in Washington, DC may make $40,000 – subjecting him to the new overtime rules – while an AE in New York may make $60,000 and remain exempt from the rules, provided, of course, that she is performing exempt functions.

How will PR companies handle such variations? How will they communicate to employees about new policies and any changes to their duties or pay? These are questions that savvy firms must tackle with experienced legal counsel sooner rather than later. Waiting to address such important changes will make the transition under the new federal rules more difficult and increase exposure to the risk of litigation.
Underlying Principles of Effective Communications
How to Build Trust with Customers, Partners and Staff

Five key elements that can help your company establish trustworthy relationships for the long term

Trust is at the heart of any good relationship—whether business or social. Building trust does not happen overnight; it takes considerable effort and time. And it can be destroyed in an instant.

In order to succeed, businesses have to build trust with clients, suppliers, employees and other stakeholders. Trust can be sustained and is often carried with people when they change jobs, making it an important investment. Creating trust is only one part of the equation; the other is nurturing and strengthening it. This is particularly true for Carlson Wagonlit Travel (CWT) because companies have to trust us to look after their most precious asset—their employees.

We’ve built long-term relationships with clients around the world. At the core of these longstanding, multilayered and complex relationships is the basic concept of trust. Our clients have trusted us to care for and support them, leaving them to focus on running their businesses without worrying about travel arrangements.

As President and CEO of CWT, I have learned some valuable lessons about the importance of maintaining these trusted relationships. Those lessons are almost exactly the same, whether you’re dealing with a supplier, a customer or employee.

I believe there are five key elements to building a solid foundation of trust. Focusing on these areas can help any company of any size build trust for the long term.
Transparency

Sharing information is critical. One of the key ways we build trust with our stakeholders is by sharing relevant, timely data and hiding nothing. With clients, we share overviews of their travel program, and the details are always available. With suppliers, we share feedback and insights from our clients. With employees, we share information on our business—the good, the bad and—thankfully very rarely—the ugly. We focus on employee engagement and have created open communication channels at all levels of the company.

These steps help establish trust, but we also need to focus on maintaining it each and every day. Ongoing transparent reporting is one of the key methods. A great example is CWT AnalytIQs, our new analytics dashboard. It provides our clients with real-time measurements and indicators about their travel program. It shows clients’ bookings in near real time and provides information on where all travelers are at that moment. It means we can provide clients with data in a transparent and easily digestible way. It is just one example of the many ways that we build and maintain our reputation as a trusted advisor to our many stakeholders.

Accountability

Doing what you say you’ll do is crucial to developing trust, and we put a laser-like focus on holding ourselves accountable. One of the ways we do that is by providing every client and supplier with a robust network of CWT employees to serve as relationship contacts. We pride ourselves on each employee being responsible and accountable to the groups they interact with, continually answering questions and suggesting new ideas to make sure the client has the best possible service, in turn ensuring the relationship is as good as it can be. When you call your CWT contact, you know you’ll get good answers.

Accountability is also key to how we treat our employees. We have invested in our HR system so employees can access relevant information around the clock and around the globe. We also have a 24-hour ethics helpline, combined with training, a dedicated Intranet, document library and internal social media tools, all of which create awareness and accountability. Most importantly, they help create trust with our employees.

Responsibility and reliability

CWT has around 19,000 employees. As with any large multinational organization, consistency is vitally important; our clients expect nothing less. We protect CWT’s reputation as a highly ethical and professional company by ensuring newcomers and seasoned employees alike are repeatedly exposed to our high standards through training and communication.

We do that through our robust compliance and ethics program, including our Code of Business Ethics & Compliance. We give our employees the responsibility of making decisions that could either build or destroy trust. To help them, throughout the year we talk to them about our commitment to compliance and ethics. We educate them on how we expect them to behave through online training, group exercises, videos, newsletters and the like. And we hold them accountable to policies everyone has signed up to. In addition, we have established various vehicles, including regional conduct councils and ambassador programs, to help embed our standards throughout the organization.
Affiliations

You are only as good as the company you keep. Therefore, we only affiliate with those who share our commitment to quality; we can’t afford to lose trust because of our partners’ actions. We do this through very careful consideration of the people we do business with—as a client or supplier or employee—before engaging with them.

Trust across the entire industry is also important to us. We’re involved in associations and organizations that broaden our in-house knowledge, further advance industry benchmarking, secure business accreditation and ensure best practices are shared across industries. A good example is the United Nations (UN) Global Compact Ten Principles. CWT has been a UN Global Compact signatory since 2012, and we continue to align our responsible business strategies to the Ten Principles in the areas of human rights, labor, environment and anti-corruption.

Another affiliation that has been beneficial to us is EcoVadis, which assesses 21 areas of corporate social responsibility, including areas such as environment, ethics, social and sustainable purchasing performance and fair business practices. Its role is to review companies and provide accreditation. Knowing that we are in good company is important not only to us, but also to our stakeholders; no one wants to work with an unethical company.

Leadership

Last, but certainly not least, I believe clear and unwavering leadership is paramount in building trust. As President and CEO, I constantly drive home this point to CWT employees, suppliers and clients—the pledge CWT has made to ensure we maintain our high standards in everything we do.

Using a number of communication platforms has been a very effective vehicle for me. Our annual responsible business report, for example, details the efforts we take to be a responsible, ethical company. I also hold quarterly leadership calls where employees can hear about our business. They have an opportunity to discuss important topics such as compliance, ethical business and environmental issues, and they can pose questions directly to the executive team.

Perhaps most importantly, I always make it abundantly clear that, while we do everything we can to help our employees and affiliates build and maintain trust, ultimately I am responsible for the trust our clients put in CWT.

Top tips for gifts, entertainment and travel

- Create a clear gifts and entertainment policy and continuously train and remind your employees
- Allow for reasonable and limited gifts, hospitality, entertainment and travel
- Spell out in detail what is acceptable and what is not, including specific dollar thresholds
- Develop a frequently-asked-questions document with real-life examples
- Provide a vehicle for employees to ask questions and get real-time answers
- Implement a process to consider out-of-policy gifts and entertainment
- Properly record all gifts and entertainment and have your executive team periodically review them
- Only work with suppliers who share your values
- Make sure that you communicate your standards and expectations to the third parties working on your behalf
Setting the Tone from the Top

Dave Cote, Chairman & CEO for Honeywell discusses Honeywell’s commitment to integrity & compliance: “Our Reputation is Simply Non-Negotiable.”

“Is it true?” “Did you know?” “Have you ever done that?”

These are the three questions that we never want any of our employees to have to face when discussing Honeywell with their family and friends.

Integrity and compliance are the foundation of everything we do at Honeywell. These core principles start at the top with me and my executive team and are openly discussed at our quarterly town meetings with employees. They are also a prominent part of my remarks every year at our annual senior leadership meeting, where we get 300 of our top leaders together to discuss the state of our business and our goals for the future. Business integrity is a priority of the executive team and is expected of all employees.

Acting with integrity protects the Honeywell brand. Our reputation and our brand mean everything to us. Employees want to feel good about the company they work for. From the shop floor to the boardroom, all of us associated with Honeywell want to be proud of our company and hold our heads up high in our communities. Getting everybody committed to the highest standards for integrity and compliance ensures that every employee gets to feel this sense of pride. This directly translates into positive perceptions of how others view us.

Honeywell has zero tolerance for employees who do not conduct business...
according to the law. I will not, and Honeywell will not, support anyone who breaks the law. When we identify irregularities, we deal with them swiftly! In fact, we have referred employees who have committed wrongdoing to law enforcement, regardless of the potential embarrassment to us as a company—anywhere in the world.

There have been several times when we have openly discussed an ethics issue and have leveraged our biggest communication vehicles that touch all 130,000 employees worldwide. We might not have named names, but we clearly identified the issue and the actions that were taken. In one of our town meetings, I specifically called out a very unfortunate incident in one of our businesses where there was improper conduct in connection with a contract bid. We had taken aggressive steps to address the issue, including the termination for cause of the individuals responsible for the incident. My words opened some eyes and ears and made for some very interesting conversations around the water cooler over the next few days!

This was a big opportunity to re-emphasize our ironclad commitment to integrity in all of our business dealings around the world. I reminded every employee that we are held accountable for maintaining our focus on integrity and full compliance with all laws in all countries. I was clear that there will be no support for those who violate laws or rules of business conduct in any way.

Having a strong and identifiable culture is also a big deal. It can be difficult to measure, but it is very real. We have 12 Behaviors—Growth and Customer Focus, Leadership Impact, Gets Results, Makes People Better, Champions Change, Fosters Teamwork and Diversity, Global Mindset, Intelligent Risk Taking, Self-Aware/Learner, Effective Communicator, Integrative Thinker, and Technical or Functional Excellence—that employees must understand and perform against every day.

An integral element of each of these Behaviors is integrity. There are no shades of gray when it comes to integrity. It is an absolute value and a key component of each of our 12 Behaviors. We constantly remind employees that both results and behaviors matter, and we are prepared to hold the good performer who gets results in the wrong way just as accountable as we do the poor performer.

At Honeywell, we strive to be a “thinking” company where employees understand why we do things—not thinking as in spending days in contemplation, or as in chaos where people decide not to do what they are asked, but rather a company where people understand why things are important and focus on compliance with intent and not just words. There is a huge difference. So, while talking about our commitment to integrity and compliance is nice, having meaningful actions to back up those words makes it real.

While this commitment starts at the top, we recognize that often the rubber hits the road at the middle level, where managers may be concerned about making short-term commitments. We are adamant that we will not compromise on integrity to achieve short-term results. This is why when we talk about integrity and compliance, we also emphasize our commitment to having good accounting and controls. The well-being of our company depends on keeping accurate accounts and records and having a robust financial process. The accounting system is our primary source of information to determine how we are doing. If it is incomplete or inaccurate, we could make bad decisions. When times get tougher and it is even more difficult to make financial commitments, some will think of this as a place to go. We will never do that. It’s too slippery a slope.
We have a reputation for superb earnings quality: strong earnings backed by strong cash flow. That's another reputation we want to keep. The same holds true for any kind of distributor, customer, channel stuffing or special deals on price or terms at quarter end—we just won’t do it. When we report good results, we take pride in the fact that we achieved these results the right way.

As Honeywell continues to grow outside the United States, it is important to recognize that it is not just our business model and processes that give us a competitive advantage, but our commitment to integrity and compliance. Like our peers, we have a lot of tools to ensure our employees comply with our integrity and compliance values—a global Code of Conduct, training, audits, helpline, certifications and the like. As I often like to say, “the trick is in the doing,” and we need to hold employees accountable when they stray and recognize them when they do the right thing, especially if it is under stressful circumstances.

We have worked hard to develop and communicate our integrity and compliance expectations in our Code of Business Conduct. Getting our Code right was one of my first priorities when I came to Honeywell more than 13 years ago. Our Code is translated into 28 languages and is a baseline set of requirements for all employees that enable them to recognize and learn how to properly handle the integrity, compliance and legal issues that may arise in doing business on behalf of Honeywell.

All employees are required to participate in training sessions on the Code. We provide both live training and online scenario-based training. This online training is currently available in 25 languages online and 26 languages offline for classroom delivery. We supplement the Code training with a variety of other compliance training, including “Leading with Integrity” video vignettes that cover a number of integrity and compliance topics. These vignettes are introduced by members of my leadership team.

We implement integrity and compliance communication and training strategies and have a global helpline for reporting allegations of Code violations and alleged policy violations or to seek guidance. Honeywell will never tolerate retaliation against anyone for asking questions or raising concerns in good faith, so our employees know that they can always feel comfortable coming forward. We also expect that employees who observe colleagues not following the Code should report concerns immediately through one of the reporting channels. We recognize that many reported concerns are not compliance or integrity issues, but the benefit of giving employees the ability to share real issues early far outweighs the nuisance represented by “false alarms.”

We have great positions in good industries and we have a responsibility to conduct ourselves with the highest levels of integrity in every aspect of everything we do. This commitment to integrity helps ensure that we continue to sustain the credibility of our brand, maintain our strong reputation and build on our track record of growth and performance. It only takes one bad apple to embarrass us all, so it is important to take this seriously and always be vigilant. I believe it is smart business to be on the side of the angels.

We will always remain committed to integrity and compliance and to acting on issues in real time. Honeywell is known for our ability to effectively make “seed planting” investments for future growth. Integrity and compliance make it possible for us to plan for the long term with confidence. We will continue to prioritize integrity and compliance and to be highly transparent to our employees about issues when they arise. Our reputation is simply non-negotiable.
Creating a Culture of Resilience

What really enables organizations to survive and thrive?

How often do CEOs take a few steps back from day-to-day priorities to consider how to set their organization’s capacity to survive and thrive beyond their own tenure? What factors do they take into consideration when working out how to make their organizations as resilient as they need to be in the face of changes and crises that are beyond their ability to directly control?

Legacy is a window into CEOs’ long-term thinking about why they do what they do—it determines choices and shapes culture. Now is an interesting time to consider legacy. CEOs and their organizations operate within increasingly complex environments brought about by global megatrends (see www.pwc.com/megatrends). The result is an evolving ocean of change. Some companies will fail to navigate it; others will find new worlds of opportunity.

The facts suggest that it’s harder now to build organizations that last than it was for our predecessors. The average lifespan of an organization in 1930 was about 90 years, and by 1990 that had decreased to less than 25[i]. Most of us don’t anticipate the future disappearance of our organizations, but we should at least think through what could bring it about, if only to anticipate and have a better chance at preventing it.
Meanwhile, as CEOs prefer to imagine a bright and enduring future for their organizations, we need to instill a culture of resilience to enable them to continue. Strategy, leadership and vision are essential, but they alone don’t separate winners from losers, particularly over a longer time period. Building and maintaining enterprise resilience is key to being able to make decisions that enable an organization to survive and thrive in the face of threats that are more impactful than many people have seen throughout their career. And no organization can become more resilient if it is not imbued into the core of its culture.

If CEOs’ desired legacy is a consistently successful organization, they can explore the factors that help them understand how resilient their organizations are and use these factors to steer them towards those new worlds of opportunity.

As we define it, resilience is an organization’s capacity to anticipate and react to change, not only to survive, but also to evolve. Resilience doesn’t begin and end with a crisis-proof supply chain, a great Risk Management team, a good business continuity plan or a hardened IT system. Rather, the key word in our definition is “change.” To be resilient, we need to be able to manage through a crisis or a disruption to business as usual, but we also need to see what’s coming down the line, to anticipate and evolve to meet a changing landscape with confidence and have the ability to capitalize on it.

It’s less about being able to predict every eventuality and more about being flexible enough to respond when, and in the ways, needed. This is resilience, which can be described in six powerful traits [see Figure 1]

The first three traits represent mostly internal capabilities—the organization’s ability to respond to change: Coherence, Adaptive Capacity and Agility. These traits are vital in response to an escalating issue or crisis, when time and distance work against hierarchical decision-making. But they are also hallmarks of whether a company can exploit everyday, evolutionary and rapid change, and sidestep the potentially negative impacts. A coherent, adaptive and agile mindset needs to be embedded in the culture of entire organizations, not just in areas that we’re used to changing often.

The second set of traits—Relevance, Reliability and Trust—represent the organization’s relationships with customers, business partners and other stakeholders. 

FIGURE 1: TRAITS OF A MORE RESILIENT ORGANIZATION (PWC)
stakeholders, which are equally important to the organization’s ability to respond to change.

These soft-sounding qualities are actually very powerful—and leaders know it. They know the culture of their organization plays a huge role in establishing and maintaining them. Over half of the CEOs in our 18th Annual Global CEO Survey believe that a lack of trust in business is a threat to their growth prospects[ii].

But there’s a challenge in accepting this view. If resilience is dictated by all the things that make us more or less agile, adaptive, trustworthy, relevant, reliable and coherent, we have to look deeper into our organizations—into who we are, what we do and how we do it—and we have to look at how our culture supports (or undermines) our resilience. Frankly, we need to look at how critical resilience is to the organization we are and plan to be over time.

The start of this journey is nearly always identifying the key resilience indicators for our organization. These indicators are factors within an organization that drive the six traits of resilience. PwC’s research and client experience has identified a set of key indicators. Every CEO and organization will need to carefully assess and adjust the most relevant indicators to support their particular strategy and appetite for resilience.

Our challenge to you is to start asking yourself these four questions:

1. Where do the biggest contributions to my organization’s resilience come from?
2. What are the biggest threats and detractors to my organization’s resilience?
3. What am I doing on a regular basis that helps me build resilience to support our longest-term aspirations? To capture opportunities?
4. Is my board asking more questions that hit on this topic and am I comfortable in addressing their concerns in a holistic manner?

Radical Transparency

Examining ghostwriting and social media authorship

If your chief officer has a Twitter account or blog, then radical transparency is a strategy to consider with regard to disclosing authorship, whether he or she is the sole author or not.

Radical transparency is a business philosophy that involves putting openness above all other competing values, with the exception of protecting information that could violate regulations or ethical principles if disclosed. Thought leaders such as Clive Thompson and companies such as Zappos champion it. The idea is that radical transparency builds trust.

Preliminary research points to radical transparency as a potential solution to the challenges of executive authorship on social media, which includes writing skills and the time-consuming nature of creating social media content.

Deciding to disclose

Yoon Cho, Ph.D. of Pusan National University, Tom Bivins, Ph.D. from the University of Oregon and I conducted a study of 507 readers of corporate blogs, 510 readers of politicians’ blogs and 501 readers of nonprofit blogs.

We asked blog readers about the permissibility of having a PR person draft blog content on behalf of the executive without disclosure. We also noted that, in this scenario, the original ideas came from the executive and he or she reviewed, edited and gave final approval of the content.

The survey results showed that corporate blog readers were split in their opinions about whether this level of PR support without disclosure was acceptable. Among readers of politicians’ blogs and nonprofit blogs, there
were more people who disapproved of this level of PR assistance without disclosure than those who approved of it.

We also found that a significant percentage of blog readers in the corporate and political contexts expect this level of assistance. The study, which was funded by the Arthur W. Page Center and the University of Oregon, is published in the Research Journal of the Institute for Public Relations.

Building trust

Many blog readers expect ghostwriting without disclosure to occur and disapprove of the practice, even under the conditions that the ideas come from the executive and there is a final sign-off. One could make a case for building trust through radical transparency. Executives’ social media profiles can include authorship details—regardless of whether the executive independently drafted the social media content or not.

If the executive actually did write the social media content, then he or she can make note of it through a statement such as, “I write all of my content myself.” He or she does not have to disclose superfluous help, such as proofing an executive’s grammar and spelling, because this level of help does not matter.

In a case of mixed authorship—sometimes the stated author writes the content and other times someone else writes it—disclosure should occur anytime that another person writes the content. For example, some Twitter profiles have a statement such as: “Tweets written by my PR director are marked by her initials, TG.” This type of disclosure can build trust through transparency.

One of my favorite examples of radical transparency is Bill Marriott’s blog, Marriott on the Move. The end of the “About My Blog post” page explains how a communications assistant helps with the technical aspects of the blog.

There are arguably many cases where disclosure is not happening. Along with Kevin Brett of Central Washington University and Toby Hopp, Ph.D. of the University of Alabama, I conducted a study of PR professionals. Seventy-one percent of the practitioners surveyed expressed the view that ghostblogging without disclosure is permissible, 20.7 percent disapproved of it and the rest were neutral—under the conditions that the content came from the stated author and that he or she conducted a final review before granting approval.

There weren’t any differences in permissibility, based on whether the respondent worked at a nonprofit, at a company or for a politician. This study was published in the Public Relations Journal.

Ensuring accountability

If some PR professionals are not ready for the radical transparency approach, then they can at least ensure accountability with ghostwriting content by having the ideas originate with the stated author and having the stated author approve the post. Or, better yet, the person who writes the content can have the byline.

Blog platforms such as Medium suggest authenticity because stated authors must log in through their Twitter accounts to post content. Channels like this convey that the stated author is the real author.

Based on Kantian theory, acting with a desire to intentionally blur the line between how social media content is actually produced and how it appears to be produced is unethical because it does not treat readers with dignity and respect.
Reputation and Responsibility

It’s a matter of trust

When your primary occupation is writing, as mine has been since retiring as Chief Communications Officer of AT&T more than a decade ago, you get used to people asking what you’re currently working on. I’ve written five books, but it wasn’t until my latest that my answer was greeted with giggles and outright guffaws.

I told people I was writing a book on PR ethics. You’d swear I said it was a book on ethical embezzlement.

I suppose I shouldn’t be surprised. The public is decidedly skeptical about “spin doctors” whose primary job is to make the good look better and the bad look good. And who wouldn’t be suspicious of anyone whose job was to manipulate them into buying, using, joining or believing something they weren’t particularly interested in? No wonder the three words most often associated with public relations are “smart,” “friendly,” “liars.” The last of the three – which happens to be the word that comes up most often – kind of takes the sweetness out of the other two.

Is this perception or reality? When one of the PR trade publications surveys practitioners and finds nearly three-quarters (73 percent) admit to lying in the course of their work, I stop wondering.

PR people may not have a good grasp of ethics if they think lying is okay. Indeed, the PRSA Code of Ethics is pretty unequivocal. Honesty is second in its statement of professional values. And in the PRSA Member Pledge, it’s defined as acting “with truth, accuracy, fairness and responsibility to the public.”
Through the Lens

9 organizational views on ethics

While the underlying tenets of ethics are consistent, regardless of the type of work we do, there are different aspects of the code that we prioritize, based on our specialties and subject-matter areas.

Some professions are highly regulated in terms of legal requirements and processes — health care, financial services and gaming and lottery are just a few. The role of ethics, which is clearly defined by actions and accountability, impacts these PR departments on a daily basis. In other PR roles, ethics are less circumscribed but still essential to performance and outcomes. Both have their advantages and challenges.

Here, we explore those perspectives with insights from a cross section of PRSA Georgia Chapter members, who have diverse roles in the profession.

We asked them: “What is the leading ethical challenge in your industry and how do you address it?”

While there are threads of consistency throughout all these contributions, what stands out are the distinct ways that these organizations are responsible to their stakeholders and how they view that through the lens of ethics.

PRSA Georgia president-elect, Elyse Hammett, APR, is Vice President of Marketing and Communications for the Community Foundation for Greater Atlanta and leads the nonprofit foundation’s marketing PR team. “We match the passions of philanthropists with the 4,000-plus nonprofits across the region,” she says. “The free flow of information between the donor and nonprofit is seminal to our success, but is textured by the fact that more than 90 percent of our donors come to us because we safeguard their name. Anonymity is pre-eminent. The PRSA Code of Ethics sits on my desk as a constant reminder to uphold our industry’s provisions of conduct and keep my team focused on the pursuit of excellence.”
Tyler Pearson, Director of Public Relations for WellStar Health System, shares a similar perspective on anonymity, but for a different reason: “In health care public relations, patient privacy is the most important aspect of our job,” he says. “We have an ethical and legal obligation to protect our patients and their health care information. WellStar is a not-for-profit health system, which means that we have a responsibility as a community asset to share information with the public. Transparency is an important part of who we are as an organization and a communications team, but it cannot come at the expense of the patient. To be successful, we always put the patient first.”

Transparency and accuracy are foundational to financial services technology companies such as Fiserv. Ann Cave, Fiserv’s Director of Public Relations and a board member of PRSA Georgia, says that accurate representation is a key component of ethical PR practices. “In the technology industry, we’re continually seeing new innovations – new services, new products and new ways for people to use them,” she says. “It is incumbent on PR professionals who work with technology companies to familiarize themselves with how the technologies they represent work, in order to make sure they are accurately representing new functionality and capabilities. An understanding of the principles and concepts of how things work will make you more confident in your execution.”

Therese Minella, APR, is the Communications Director for lottery with Scientific Games. She shares the sentiment of transparency and accuracy within the highly regulated $276-billion global lottery industry, whose net proceeds fund programs for education, senior citizens, transportation, the environment, health and welfare. “Our 40-year company is grounded in ethics, integrity and security,” she says. “As part of the global communications team, I have the responsibility to ensure that all statements and materials are 100 percent accurate – if we don’t have supporting data or documents, we don’t publish a statement. We work closely with our legal team to make sure that everything we communicate is transparent and, above all, accurate. Consumers – those who play lottery games – must trust in the integrity of the games or our lottery customers will not be successful in their financial missions. Players must trust that everyone has a fair and equal chance to win our lottery games, so we manage our business with the highest standards of ethics and security to make sure this happens.”

The agency challenge

By learning the ethical considerations that different industries face and how PR teams address these issues, we see how our practices align and diverge. As an independent counselor, I work with clients in several industries including health care, technology, automotive and consumer products, and need to keep up with ethical issues in each of these areas. Small and large agencies have the same challenge of monitoring multiple industries:

“Ethics don’t change. But the situations we find ourselves in do – particularly as media evolve and the world gets smaller,” says past president of PRSA Georgia, Mark Dvorak, APR, Fellow PRSA, Executive Director of Golin. “Agency practitioners face the dual challenge of staying ahead of what’s going on in our business and in all our clients’ businesses. That means that culture and training are essential. At our firm, we ask ourselves ‘what would Al do,’ because Al Golin has always put trust first. Second, we train our employees constantly and make time to talk about issues that happen elsewhere so everyone can learn from them.”
Alexis Davis Smith is the CEO of PRecise Communications and President of the Black Public Relations Society of Atlanta. She shares insight on partnering clients with social media influencers (SMIs) as a growing part of her practice. “With the popularity of SMIs comes challenges with pay-for-play issues,” she says. “We originally worked with bloggers and SMIs who had an authentic tie-in to a product or would review a product objectively. Now, so many brands come to them for endorsements that SMIs are more likely to ‘give love’ to whomever pays them. Ethically, I believe that SMIs should challenge themselves to associate with brands that truly align with their interests and likes and strive to be more authentic.”

Page 100 of the APR Study Guide states: “Ethics connotes the process you follow to decide what is right or wrong.” It seems so cut and dry, but it often isn’t. Annette Filliat, APR, recalls her study of ethics while gaining her PR Accreditation and applying that to higher education, as the Communications Manager for Institute Diversity at the Georgia Institute of Technology and a board member of PRSA Georgia. “During the APR process, we learn about general ethics principles of public relations, which include acting in the public interest and dealing fairly with all publics,” she says. “In the US, there is an opportunity gap in STEM education, particularly among women and underrepresented minorities. Georgia Tech is committed to advancing a culture of inclusive excellence that is open to all perspectives and intellectual pursuits and advocates for mutual respect among faculty, staff and students.”

Gary McKillips, APR, Fellow PRSA, is particularly dialed in to this conversation as Ethics Committee Chair for PRSA Georgia. He is also the Managing Director of The McKillips Group and a sports correspondent for AP Radio. “In sports, as in any other aspect of business, ethics must be constantly on the minds of PR professionals,” he says. “That often means dealing with teams, individuals and products that are extremely visible and possess great brand loyalty. Working with top management to ensure that internal biases and external influences do not interfere with ethical decision-making is one of the key roles of the sports PR executive.”

The success of any insurance company is largely built on trust, says Daniel Groce, Senior Communications Consultant with Allstate Insurance Company and a committee chair for PRSA Georgia. “Trust that the company will pay a claim promptly and fairly, trust that a customer’s personal information is protected, trust that the company is helping the customer select the right coverage,” he says. “Ethical behavior in every facet of the business is key to building and maintaining that trust. Each year, every Allstate employee is required to complete ethics training as a condition of employment. We’re committed to operating with absolute integrity, which helps us make the right choices.”

Ethics is about doing the right thing, but there can be so many layers to that. The PRSA website has many ethics resources, and the pages have guidelines and good language to share with your clients should any issues arise. These sections are worth revisiting and reviewing periodically, but here is where we can all start: “I pledge to conduct myself professionally, with truth, accuracy, fairness and responsibility to the public.”
Listening to and Understanding the Voice of Stakeholders
Value of Ethics Communication in Business Relationships

Adapting to a new set of expectations

To put it simply, the public’s expectations for businesses have changed. Consistent financial returns and quality products and services were once the building blocks of a successful company. Now the most successful and trusted organizations are those focused on societal factors - not just business competence. Those most successful enterprises are those who listen to customer needs, treat employees well and place customers ahead of profits. And these types of ethical business practices are more important than ever.

The past five years spurred the greatest dissolution of trust in modern history. We experienced the collapse of Lehman Brothers and the 2008 Financial Crisis; government letdowns in Greece and Egypt; and the fall of idolized leaders such as Lance Armstrong and General Patraeus.

Businesses operate in complex times and must embrace this complexity by not solely acting in self-interest. Instead, they must execute on both operational and societal
Ethical Leadership

Introduction

Underlying Principles

Voice of Stakeholders

Ethical Engagement

Tips for Communicators

Fundamentals. Enterprise must act ethically while ensuring stakeholders know they are doing it and why they are doing it.

Expectations of business in today’s world

All businesses must acknowledge that the world has changed in three fundamental ways. The first is that authority is now dispersed. Consumers around the world can access endless sources of information, which means that no one – not companies, not the media, not corporate spokespeople – can truly control how information is shared.

Secondly, the traditional pyramid of influence is flipped. Employees, consumers and activists now drive the agenda, rather than the CEOs, government officials and influencers of the past. The C-suite must continue to lead, but the model of successful leadership has and continues to evolve.

And thirdly, reputation is built on quality. Good financials are no longer enough. All stakeholders impact a company’s bottom line, not just the loudest shareholders.

In this environment – where complexity is abundant and transparency is a mandate – trust is paramount and ethical business practices are a must. For a company to connect with customers, regulators and employees, its strategic business results must align with its own ethical standards and those of the marketplace.

The creation of ethical foundations

Ethical business practices are just good business. Companies use them to drive profits and force other companies to follow their lead or fall behind. They boost brand and enhance goodwill. And they are important to a company’s audiences. Our 2013 Edelman Trust Barometer proved – again – that global respondents believe that “engagement” and “integrity” were more important than “operations” and “products and services” when evaluating how much one trusts business.

The only way for companies to triumph in this environment is to shift their ways of thinking – to move from earning the license to operate to earning the license to lead.

At its core, earning the license to lead is the implementation and communication of strong ethical business practices. It requires companies to focus less on rules and more on principles, and shift their cultures from ones of compliance to those of value-based leadership. For us at Edelman, this means we must be committed to operating through a lens of “doing the right thing”. Our values of quality and entrepreneurial spirit challenge us daily to deliver innovative solutions and breakthrough strategies for our clients. Our values of integrity and respect are a foundation for expanding our business responsibly.

Furthermore, that license to lead means companies must acknowledge what their constituents are most passionate about – and then build on those areas of shared interest. For Chipotle, that is ethical farming. “Food With Integrity” is its commitment to finding the very best ingredients raised with respect for the animals, the environment and the farmers. For Unilever, it is sustainable living. The company launched its “Sustainable Living Plan” in November 2012, promising to achieve three significant outcomes by 2020: to help more than one billion people take action to improve their health and well-being; to halve the environmental footprint of the making and use of its products; and to source 100% of its agricultural raw materials sustainably. Each
of these companies took fundamental aspects of their strategy, built ethical practices around them and used them to drive business results.

Earning the license to lead also requires that companies embrace radical transparency. This means engaging in authentic two-way dialogue with the public – relinquishing control and providing stakeholders with an unprecedented level of information that includes the good and the bad. A fantastic example of this is the transparency of Howard Schultz’s return to Starbucks as CEO and the resulting transformation agenda. When Shultz came back to the company in 2008, the company had lost touch with its emphasis on customer-facing initiatives while instead focusing on growth. He publicly admitted that service had fallen below standards and did something about it – closing the coffee chain’s locations to retrain baristas and regain Starbucks’ “soul of the past.”

Translating ethics to value

In our increasingly complex world, trust and transparency are critical elements of corporate reputation. In the past, business success was about performance, customer service, price and quality. Now there is a new dimension: social responsibility built on ethical practices. Business success is increasingly based upon shared value and the sort of citizenry a company lives. Successful companies today will implement socially-responsible, transparent, values-led engagement with each of their audiences – employees, regulators, customers, investors and all others. Those that prioritize these ethical practices and true public engagement will not only succeed, but win.
Who Is Responsible for Corporate Reputation?

A once-simple equation is becoming increasingly complex

Fortune’s Most Admired list was once the gold standard for corporate reputation. The much-anticipated list came out once a year and, for the longest time, the top 10 best companies rarely changed. As a former Marketing and Communications Director at Fortune, I can say that when we talked about strong corporate reputation, we discussed such things as which companies ran successful corporate advertising campaigns, what products they made, what services they rendered and, of course, how high stock prices rose in a given year.

All of this was relevant, but still only the tip of the iceberg in understanding corporate reputation. Incredibly, we spent next to no time pondering who the rightful owners of an enduring company reputation were and who, therefore, was ultimately responsible for corporate success. That was then. This is now. Today, the study of reputation is much more than a popularity contest. Not only can we point out which companies have a good reputation, we can also set forth the drivers of that reputation.
Corporate reputation today is a complex subject. Even the ratings lists have become more complicated. There is still the Most Admired, but there are also the Most Respected, the Most Reputable, and the Most Valuable Companies. All of these help measure winners and losers, with each taking into account different aspects of what it means to have a good reputation.

Thanks to the pervasiveness of the Internet, the number of corporate stakeholders has multiplied. As the Arthur W. Page Society said, “Some CEOs report measuring 30+ different brand attributes as experienced by as many as 15 discrete stakeholder groups.” The portfolio of corporate stakeholders now encompasses, among others, the media, investors, NGOs, policymakers and regulators, communities, employees, boards, customers, competitors, online networks and even, when corporate policy affects the public at large, presidents and prime ministers. Each of these stakeholders has full online access to a company’s moments of fame and shame. Each affects a company’s reputation in its own particular way.

Corporate reputation is also increasingly volatile and unstable, with declines in reputation often resulting in harsh consequences. Customers and employees can discredit reputation overnight online, and an unfavorable media story can mortally wound a company’s hard-earned reputation in a heartbeat. More companies lose reputation and lose it faster than ever before. According to Weber Shandwick, the dropout rate or stumble rate among the World’s Most Admired—that is, the percentage of companies that fall from their number one perch in their industry—can range between 25 and 50 percent each year.

Reputation is now fundamental to corporate success. Highly regarded companies are more likely than lesser-regarded ones to attract and retain talent, garner better partners, and recover faster from reputational harm. They earn the benefit of the doubt when crisis strikes because they are expected to do the right thing.

So much is at stake today when we talk of corporate reputation that the following questions beg asking: Who owns corporate reputation in all its complexity and with all of its consequences? The CEO? Customers? Employees? What about Chief Communications Officers (CCOs)? Given my decades of experience in reputation management, I would conclude that all four have important stakes in corporate reputation, with the CEO typically having a significantly weightier presence than the other three.

The CEO ownership stake

The CEO’s reputation is inextricably linked to the reputation of a company and its value. Our research demonstrates that CEO reputation is perceived to contribute nearly half (49 percent) of a company’s reputation which, in turn, is deemed to contribute to 60 percent of a company’s market value. Clearly, a CEO’s reputation has a major impact on the bottom line.

The character of the CEO, his or her ethical conduct, and the ability to pick a senior team and rally employees all play a critical role in a company’s reputation. By the decisions they make, the credibility they earn, the executives they choose, and the tone and values they set, CEOs determine more than any other player a company’s destiny. Thus, it should not be surprising that soon-to-be-released research by Weber Shandwick shows that a direct relationship exists between a CEO’s ethics
and the company’s reputation. According to the study, global executives of companies with very strong reputations are three times more likely to say that their CEOs are honest and ethical than executives in companies with weak reputations. Because the reputations of the CEO and company are so intertwined, when corporate reputation takes a plunge, the person who inevitably takes the heat is more often than not the CEO. As management guru Jim Collins of Good to Great fame has pointed out, “…the wrong leader vested with power can almost single-handedly bring a company down.” Approximately 60 percent of global executives blame the CEO for reputation damage when it occurs. Rightly so. There can be no doubt that when it comes to reputation, the buck stops with the CEO. If anyone can be said to “own” corporate reputation, it is the CEO. The CEO is the ultimate arbiter and has final responsibility.

This doesn’t mean, however, that the CEO has total control over a company’s reputation. Other players have input, too. The CEO must be attuned to these other players’ concerns and respond to them appropriately. Primary among them are a company’s customers and employees who can be, at least in part, independent actors with their own needs and demands. The CEO must manage these concerns to succeed. Finally, there is the CCO, whose role is critical in shaping reputation even if he or she is not usually held ultimately responsible.

The customer ownership stake

The late Peter Drucker, management guru and the father of business consulting, said, “The purpose of a business is to create and keep a customer.” Nothing could be truer, nothing more basic. The customer must necessarily be the lifeblood of a company, a corporation’s reason for being. Without the customer, corporate reputation has no meaning. Unless customers favor corporate products or services, there is no corporate reputation. End of discussion.

The seeming simplicity of this truism belies its complexity when applied to a company’s relationship with its customers. Monumental changes caused by the Internet, globalization, NGOs/third parties, a more demanding general public and increasing social activism have created a dynamic where consumers expect more and more from leading companies. Consumers have no trouble personally boycotting those that fail to live up to their standards. Customers are not just purchasing products or services by price and quality today; they are also shopping by company reputation—a company’s values, corporate responsibility and how it behaves.

Global research from McCann reveals that two-thirds of British consumers and half of all Americans consider a company’s ethics before making a purchase. In many ways, a customer’s purchase is perceived by them as a form of investment in a company. When making a purchase, the consumer signals their support of the company, and if they don’t approve of a company’s ethics, politics or country of origin, they won’t buy.

The employee ownership stake

Employees have multiple social platforms through which they can air likes and dislikes on almost any subject. Jobs, bosses and companies are no exception. With one easy click of a social “share” button, employees can destroy or uplift company reputations. At times, they may even reveal confidential or sensitive information. According to recent research from Weber Shandwick, no
less than 50 percent of global employees regularly post messages, pictures or videos about their employer in social media. The ready accessibility of smartphones and our increasingly networked society have been catalysts for such activities.

The employee role in reputation formation is a particularly potent one. Research continues to show that people are more likely to trust the opinions of employees over those of their bosses. Fast-growing Glassdoor.com, the employee grievance site, now has over 22 million members and data on nearly 300,000 companies in 190 countries. Its anonymous employee posts about working conditions at both large and small companies steer talent away from less reputable companies to more reputable ones. The sheer intensity with which companies fight to be ranked high on Best Places to Work lists reflects how employees are an ever-increasing factor in corporate reputation-building, and how the CEO and direct reports ignore them at their own risk.

The Chief Communications Officer ownership stake

The devil is in the details, and the person in charge of the details of corporate reputation is more often than not the Chief Communications Officer or Public Relations Officer. These professionals are responsible for building and maintaining relationships with the most important constituencies of a company. CCOs must keep a finger on the pulses of constituencies, whether they are internal or external, online or offline, one or many. Any one of these micro- or macro-constituencies can make or break a company’s reputation if ignored.

According to 65 percent of global CCOs in a study Weber Shandwick did with Spencer Stuart, managing corporate reputation is at the top of a CEO’s expectations for them. The CCO is stationed on the reputational frontlines. He or she is charged with bringing reputational issues to the attention of the CEO, being among the first to recognize the warning signs of emerging reputational threats, and being quick to rally internal first responders should a threat actually materialize. In addition, the CCO must prepare long-range plans for developing reputations and is, therefore, responsible for not just tactics but strategy as well—no small job in a world of free-falling reputations. While the buck still stops with the CCO’s boss, often the CEO, an effective CCO is highly advantageous for companies weathering the inevitable choppy seas, and essential if a company is to survive a crisis.

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Reputation is its own currency and its own form of wealth. It needs guardians to accumulate it and watch over it. The CEO, the consumer, the employee and the CCO are the major players responsible for maintaining reputational equity. How they interact, how they play their roles, will determine if corporate reputation is kept safe and wisely invested.
Building Trust in Business

Profit and value figure into the public’s changing expectations of corporate enterprises

The Great Recession of 2008-2009 had profound consequences for business and government alike. Long-established companies such as GM and AIG were forced into bankruptcy. Euro-zone nations were compelled to bail out member states including Greece and Portugal. But the most long-lasting effect of the near-catastrophe may well be the fundamental destruction of trust in institutions.

Over the past 15 years, the Edelman Trust Barometer has measured trust levels in 27 nations, both among opinion elites and the general population. Among the important trends we observe are the dispersion of authority, skepticism of information without repetition and the emergence of a new set of values that build trust.

The most trusted institution in most nations is now the non-governmental organization. This is a recognition of the importance of environment and proper treatment of employees, but it also signifies a protest against failure by business and government. The most stunning rise of civil society is in China, where NGOs now rank ahead of government in trust, up from 30 percent in 2006 to 84 percent today.

Business is second in trust, followed by media, then government, trailing badly. Business has recovered much of its reputation from the low point five years ago, based on better economic performance and improved competence in delivering goods or services. There are still lagging industries, particularly financial services, where issues of compensation and customer benefit still haunt the sector.
The collapse of trust in government occurred in the last three years, due to a stalemate on policy, corruption and perceived ineffectiveness. In some markets such as the US, the gap between business and government trust is 20 points or more—a record chasm. But business should take little comfort; by a three-to-one margin, respondents ask for more government regulation in fast-evolving industries such as energy, financial services and food.

The reordering of authority is also seen in a loss of trust in traditional leaders—Chief Executive Officers and government officials—who respectively rank ninth and tenth as sources of credible information. In fact, only 20 percent of respondents believe these leaders will tell the truth in a difficult or complex situation. Instead, there is confidence in experts such as academics or engineers, plus reliance on friends or “people like you,” who are viewed twice as credible as a CEO or government leader.

The information flow has been transformed, with search emerging as the first stop, then mainstream media for older respondents and social media for younger ones. The average informed person now has eight daily sources of information, from blogs to television to social networks, and must see a story three to five times before believing it.

The failure of the establishment in the Great Recession has also caused a shift in the trust equation, from value to values. Specifically, respondents now place low importance on tangibles such as excellent financial results, an outstanding CEO, and top ranking within an industry sector. Instead, they trust companies that treat employees well, place customers ahead of profit, and communicate frequently and honestly. The Edelman Trust Barometer 2014 found that 84 percent believe business can make profit while also delivering value to society.

Historically, business has been good at the microeconomic challenges of production, delivery, marketing, pricing, innovation and finance. It has been transactional and faithful to the laws that govern the industry. It has provided jobs and investment opportunities for those seeking returns. All of this has been under the rubric of “License to Operate,” the classic freedom to run the enterprise in a perfect Adam Smith-like world. But today, there must be larger ambition for business, which can be described as “License to Lead.” Business is our best hope when it comes to addressing complex global challenges, but it must be business showing up differently. In the words of Paul Polman, CEO of Unilever, “It is not just about value. It is also the ‘s.’ It is about values as well.”

There is a new opportunity and expectation of business, which is to operate in a manner that makes money for shareholders but also improves society. It is vital for business to establish a new compact with its stakeholders based on open advocacy of its interests, willingness to modify policy after consultation, and clear metrics to measure progress on promises.

What we observe is a new focus by business on creating value for shareholders and society alike—the concept of “Shared Value,” introduced by Professor Michael Porter of Harvard Business School. It is a shift that started 15 years ago with the rise of corporate philanthropy and corporate social responsibility. The second phase was in the last decade, when companies recognized a distinct marketing advantage in sustainability. GE’s “Green is Green” (in the words of CEO Jeffrey Immelt) is a perfect example of positioning that helped cut through the clutter when Ecomagination launched in 2005. The final stage, which we witness today, is
business changing its core operations in order to realize lower costs while achieving societal goals. Think of Walmart changing the body style of its trucks to use less energy so it can minimize its environmental footprint and save money for the business.

There are several recent examples of companies taking the lead in societal change without waiting for government sanction or approbation. CVS, one of America’s largest drugstore chains, announced in February that it would ban tobacco and related products from its stores. CEO Larry Merlo said that selling tobacco is inconsistent with the purpose of the company. He accepted the loss of $2 billion in revenue, comfortable in the knowledge that the long-term brand equity benefit and customer loyalty would more than compensate in the long run. Gap, a leading American retailer, only three weeks later decided to raise the pay level for its in-store workers above the minimum wage, to $9 per hour in 2014, then to $10 per hour in 2015. Gap’s CEO, Glenn Murphy, said he wanted the best workers and counted on his colleagues to service customers in the caring Gap style. Mere weeks before that, Unilever, the giant consumer products company, initiated Project Sunlight to enlist consumers in a personal way to make commitments from shorter showers to cold-water laundry.

The best hope for sustained economic growth and societal improvement is for business to continue to innovate. But innovation is being hampered by legitimate public concerns over substantial changes in operating methods in several industries, from fracking to cloud computing. In order to move forward, business will have to set the context for change by taking the bully pulpit. Here is a three-step approach:

Participate: Seek input from a broad range of stakeholders. Partner with non-governmental organizations in the drafting of clearly articulated goals that offer both a business case and a pro-society rationale. Conduct a listening tour of affected communities to address emotional concerns while creating personal relationships with local leaders. Engage employees, enlisting their involvement to ensure organizational alignment around goals and values.

Advocate: Offer a clearly articulated strategy that begins with the context of how a proposed change will improve the lives of customers as well as your bottom line. Go on tour, engaging in debate with critics, informing media of all stripes, from mainstream to social. Enable your partners, from NGOs to academics, by briefing them regularly. Foster a culture that supports employees speaking out, amplifying the engagement and creating mass movement.

Evaluate: Have measurable outcomes, specific quantitative and qualitative targets. Report frequently on progress against metrics. Acknowledge where delivery is under expectation and have a path to improve performance. Amend your strategy and goals while remaining authentic.

Ethical behavior will be the litmus test for business as it takes the initiative in creating new markets. Transparency and consultation with stakeholders will be the minimum standard. Shakespeare wrote in The Merchant of Venice, “If to do were as easy as to know what were good to do, chapels had been churches and poor men’s cottages princes’ palaces.”
Key Findings from the Trust Barometer

We still have lots of work to do

Building on the trust data presented in the keynote remarks, Alex Thompson, Executive Vice President, Edelman Business + Social Purpose, shared key findings from the firm’s 2013 Edelman Trust Barometer, which annually measures trust in government, business, media and non-governmental organizations (NGOs).

Thompson shared that trust in ethics and morality is extremely low, with only 19 percent of survey respondents believing that business leaders make ethical and moral decisions.

Once again, government scored as the least-trusted institution around world, while trust in media is now equivalent to business. However, NGOs, as throughout the history of the survey, continue to be the most credible.

“The composite score of trust in the four major institutions is cause for alarm,” said Thompson. “Any slight rebounds in trust from last year’s score should not be misconstrued as success. We still have lots of work to do to enhance transparency.”

Three steps for business to take in order to regain the trust of the public:

1. Develop governance structures that empower communications.
2. Foster a culture of conversation and engagement.
3. Share information freely with stakeholders.
What’s Driving Change in Reputation Management Strategies?

Continuing the robust dialogue from the 2012 Best Practices in Ethics Communication Workshop, Robert Ludke, Senior Vice President of integrated reporting and sustainability for Hill+Knowlton Strategies, provided thought-provoking data on public trust and analyzed how current trends are affecting reputation management.

Hill+Knowlton Strategies has identified three trends that are driving change in reputation management strategies. The first is an increase in transparency, which is a result of increased government regulation as well as the public’s demand for information. The second trend is a decrease in public trust in government, media and corporations. The third, and the most powerful, is the rise of the digital democracy.

“Every day in social media, there are conversations going on that are judging corporations and how they are acting in society,” said Ludke. “Instead of looking at traditional means of validation, such as advertisements, people are talking to their peers online for validation of a company or product.” This phenomenon is particularly visible with millennials. Ludke cited that 62 percent of millennials go to friends or family members when looking to learn more about a product or service.

However, there is an opportunity for companies to reclaim the way they are perceived by the public in this current landscape by communicating character. According to Hill+Knowlton Strategies, a company’s character is what a company says it is, what others think it is and how it acts, which encompasses a company’s brand, reputation and behavior. “Communicating your company’s character with an authentic story builds trust,” said Ludke. “You have to find dynamic, interactive ways to bring content to your public audience that is rich, authentic and honest.”

Communicating character: Tell a story

- Emotion sells.
- Content is king.
- An enduring reputation is more than tag lines.
- Talk like a real person and engage with your audience.
Responding to Negative News

The Cleveland Clinic, a world-renowned hospital with a global presence, 6.5 million patient visits per year and 43,000 employees, found itself on the front page of the Wall Street Journal in December 2005. The article, “How a Famed Hospital Invests In Device It Uses and Promotes,” discussed conflict of interest issues between the hospital’s doctors and their financial relationships with the industry, sending the hospital into crisis mode and starting a whirlwind of negative press that would generate 370 negative stories over the next two years, reaching 125 million people.

Eileen Sheil, Executive Director of Corporate Communications for the Cleveland Clinic, shared her experiences and the strategies that she utilized in order to respond to the article and address the reputation management issues that it raised for the hospital.

After the article was published, the CEO of the Cleveland Clinic immediately appointed a chairman of the Innovation Management and Conflict of Interest Committee to take a deep dive into the organization. The hospital found that, while they weren’t intentionally being unethical and were never in violation of the American Association of Medical Colleges’ long-standing conflict of interest policies, there was a lack of communication and a need to update their policies to keep with the pace of the industry. “We didn’t really know what was going on; it’s not like there was corruption that somebody was trying to hide under the rug,” said Sheil. “There was a lack of connecting all the pieces, and when we were able to do that, we saw what the reporter saw pretty blatantly.”

In terms of a public relations strategy, Sheil reflected, “I was in a duck-and-cover mode, and wanted to go from duck-and-cover to starting to prevent this behavior, and then to move on to being an ethical company. It really came down to doing the right thing.” As a response, Sheil came up with the idea to
invite a reporter from the New York Times to join one of the conflict of interest meetings, where approximately 20 committee members would be discussing 10 doctors. Further, the hospital decided to begin posting disclosures online, where doctors’ relationships with the industry along with the amount of money they made related to those companies would be accessible on the website, and encouraged patients to ask questions.

In preparation for the committee meeting, Sheil met with each doctor on the agenda and asked if he or she would be willing to debate the conflict issue in a meeting with a reporter – to which all doctors complied. This strategy resulted in not only the Cleveland Clinic being the first hospital in the nation to publicly list doctors’ relationships with industry on their website, but the New York Times article ended up being a front-page story that generated 1,300 additional positive stories in three weeks, reaching 400 million people.

The outcome for the Cleveland Clinic was a renewed companywide focus on ethics and transparency. “An emphasis on ethics makes you excited to do the right thing, and to think about where you want to go next,” said Sheil. “The motto of the Cleveland Clinic has become ‘patients first,’ as we constantly look to see what would be best for our patients. Our CEO is always looking for new ways to raise the bar with ethics.”

Five lessons learned:
1. Leadership AND communications must lead and work together, especially in crisis.
2. Communications must be bold, deliberate.
3. Act quickly and thoughtfully – reporters are generally on tight deadlines.
4. Plan, prepare and proceed carefully.
5. Develop a specific strategy with a defined end game – think about where you want to go from here.
Ethics on the Inside

4 tips to help your company build employee trust

Employee communication is one of the fastest-growing specializations in public relations. Employees are critical stakeholders. They are more than the people exchanging their time and talents for a paycheck – they are brand ambassadors within the organization as well as to other key audiences, including consumers.

For many companies, employees are like family members. We listen carefully to their needs and concerns and respond with empathy, assistance and advice, especially in times of organizational change. Employees experience an organization’s real culture through our words and actions. They know when communication is not authentic and aren’t afraid to call us out on it.

So how can you build employee trust with ethics? We asked several internal communications professionals from PRSA’s Employee Communications Section to share their advice.
Slow and Steady Wins the Race

Safeguarding reputation and ethics over speed in the digital age

Technology is constantly evolving to make our day-to-day communications activities faster and more efficient – making us more reliant on our computers, tablets and phones. These advances allow us to successfully respond to the 24/7-news cycle that we’ve become accustomed to.

The classic story of the Tortoise and the Hare taught us that it’s not the fastest who wins the race, but the one who has the most endurance. Endurance comes from within, based on consistent practices, principles, values and training.

The same is true in our profession. Modern technology makes it an exciting time to be in public relations as we adapt our global communications. Looking back over the years, we have seen incredible technological changes in our profession, in the media and in how society communicates around the world – things like the electric typewriter, the word processor and the fax machine. I thought the invention of the fax machine was a gift from heaven, moving correspondence globally in just a few minutes.
The Ever-Evolving Ethics of Social Media

“I don’t see how it could do any good for anybody,” said University of South Carolina head football coach Steve Spurrier, when he banned his players from using Twitter. “A couple of guys put some sort of nasty stuff on there in the summer,” he added, referring to a former player’s erroneous post about a teammate being involved in a bar fight.

As an information source, social media can be disruptive (especially if unfiltered), and lead to inaccurate material with potentially harmful consequences. Technology has also made the world smaller, allowing people to connect quickly and process information from a variety of sources. It’s now common to see social media users blamed for spreading inaccurate, misleading or even tragically wrong information.

For PR professionals, social media has radically changed the way we think, plan and work. Back in 2007, Deirdre Breakenridge, CEO of Pure Performance Communications, used the term “PR 2.0” in her blog to define “the democratization of communications.” Thanks to social media, we can reach audiences directly, bypassing the filters of journalists and other traditional gatekeepers. However, this powerful tool also forces us to acknowledge and confront the potential perils and pitfalls of what Forbes contributor David Vinjamuri termed “the Five Deadly Sins of Social Media,” in an article from November 2011.

In short, social media channels are a defining characteristic of the times. But the tools change quickly, and staying ethically current is an ever-evolving challenge for the PR professional.

There is a good chance that somebody, somewhere, is using social media to talk about your organization right now. No matter how much money and effort your organization has spent to strengthen its reputation and brand, PR professionals and companies are not the only ones who can bypass those traditional filters. Our customers, prospects, employees, former employees, applicants we didn’t hire, even our competitors, can use social media to affect — and maybe even ruin — our brands.

Authentic engagements based on verified, honest content that creates value for its audiences are what develop meaningful, trusted relationships.

Fortunately, PRSA members pledge to abide by the most inclusive Code of Ethics in the communications profession. The PRSA Code of Ethics already contains the key principles you need to navigate the swift currents of social media: openness, transparency, truthfulness, honesty and full disclosure.
Secure Communications

How a monthly lunch can protect your company in a data breach

After hackers steal customers’ credit card numbers or a company’s trade secrets, it is far too late for the corporate chiefs of public relations and information technology to learn one another’s names and responsibilities.

That’s why, based on our experience as legal counsel to companies in crisis, we recommend that a company’s senior PR person should have regular monthly lunches with its head of IT security.

Here, we explain why the IT-PR relationship is critical for an effective media response to a data breach.

A careful strategy

Without a careful PR strategy, even a routine data breach can morph into a consumer class action, a regulatory investigation and a two-hour CNN special. During a crisis, if the corporate spokesperson lacks a basic IT vocabulary or if IT staffers speak to the press without preparation from the PR department, then a company’s public statements will be uninformed, rambling or rogue — rather than accurate, on-message and approved. Soon, even a breach that a company’s IT professionals have already detected, assessed and remediated can morph into a disaster for the corporate reputation. And the PR department would bear the blame.

One example is the December 2013 data breach at Target, in which hackers accessed the credit card information of 40 million customers and the data files of 70 million customers during the holiday season by infiltrating checkout machines with malware.

Target, exhibiting signs of a brushfire mentality, had to correct various initial statements regarding the breach’s scope, duration and data types. In particular, Target did not clarify that different types of information were accessed for individual consumers over a period of time. Within six months, both the CEO and the chief information officer had resigned, and litigation had increased.
Home Depot disclosed a similar “point-of-sale” data breach in September 2014. The hack was similar in size and scope to Target’s, but lasted longer. Unlike Target, Home Depot initially disclosed limited information about the breach, by announcing that the company was investigating a data breach. Home Depot exhibited greater press discipline and didn’t make any outside communications until the company had a coordinated message. And when Home Depot updated the press on its investigation, it only announced solid information. This example reinforces the idea that waiting to say something meaningful beats saying something wrong nine times out of 10.

A focus on education

One culprit behind poor data breach responses is a lack of effective communication between a company’s PR experts and its IT department. Their résumés, backgrounds and cultures differ. Public relations works with wire services, buzzing phones and need-it-yesterday requests for quotes. IT works with systems updates, multiple monitors and all-night coding sessions. But when a data breach engulfs a company, silos don’t serve anyone.

For these reasons, a company’s senior PR person – the person designated as communications lead during a data breach – should regularly connect with its head of IT security. Monthly lunches provide a great environment for these meetings, where there are several goals to keep in mind.

Educate the spokesperson about:

- What data the company maintains
- What steps the IT team has taken to safeguard against data loss
- What the most likely threats are to that data and how the company would learn of an attack, if it occurred

Educate the IT chief about:

- The responsibilities of the company’s PR professionals and the impact of the company’s public messaging on its bottom line
- The types of media that cover the company
- The company’s media strategy related to data breaches, how to direct media inquiries, who from IT will interface with PR and vice versa, and whether the company will use an outside agency

The paramount goal is to build “top-to-top” trust and rapport between the two departments.

An improved relationship

There are also several benefits of this improved relationship:

- Avoids a situation where the IT head has to contain a data breach in real time, while explaining the company’s sensitive network infrastructure to a stranger, who must then transform that explanation into an educated public message
- Allows the spokesperson to ask follow-up questions in a non-crisis environment, translate the tech language into effective sound bites and draft a better PR strategy for data-loss events
- Ensures that IT deploys its finite budget to protect against the types of data breaches that would most impact the company’s reputation
- Builds a confident, knowledgeable spokesperson – arguably one of the most effective ways to fortify the confidence of a company’s customers and investors after a data loss, and reverses or blunts a negative news cycle

Mindful planning cannot stop a breach, but it can result in a well-managed one. The short-term impact of an individual company’s media response to a data breach can make the difference in consumers’ confidence in that company in the long term.
Tips for Professional Communicators
5 Ways to Make Ethics a Part of Your Routine

Often when PR professionals think of ethics, our minds automatically go into crisis prevention mode. How many of us have been thrust into the position of defending our clients, corporations or political leaders when their ethical compasses go astray?

Living the PRSA Code of Ethics means so much more.

That’s why our Chapter ethics officers are so important. Ethics officers are senior leaders in their organizations — who are often past Chapter presidents or new professionals, wise beyond their years. They’ve seen it all — and they’re willing to share their knowledge to help us all elevate our profession and avoid a lot of pain. Part of their job is to help members talk through concerns and reach actionable decisions. But let’s not leave it all up to them.

Here are five ways to infuse ethics into your life on a regular basis:

1. Earn your APR.

Expertise is a core value supporting the PRSA Code of Ethics. It is central to the Code’s emphasis on “enhancing the profession.”

By earning your APR, you demonstrate your commitment to the ethical practice of our profession – and that means a lot to our employers and potential clients.

2. Engage in a Twitter chat or share on social media.

Kerstin Sachl, President of Daddy PR and Ethics Officer for the PRSA Miami Chapter, tweets a thought-provoking PR ethics question each Wednesday to keep ethics top-of-mind for her followers. Follow her at #EthicsWednesdays or #checkyourethics.
You can also join several PRSA Ethics Chats during Ethics Month by following #PRethics — or simply watch for ethical issues in the news and share them on your own social media platforms.

3. Follow the PRSAY blog or post your own thoughts.

Several times throughout Ethics Month, the PRSA Board of Ethics and Professional Standards (BEPS) will populate the PRSAY blog with ethics posts — but that doesn’t mean that you can’t post ethics guidance all year round.

Jaime Dray, Marketing Communication Specialist for ARDEX Americas and Ethics Officer for the PRSA Pittsburgh Chapter, recently blogged about the importance of individual ethics on the Chapter’s blog, and plans to write another post for Ethics Month.

4. Teach an APR training session or lead a discussion at a local university.

We both keep ethics alive by sharing our expertise at APR training courses or local universities. The PRSA Ethics pages and the APR training manual provide plenty of information to help you put a fresh perspective on age-old ethical dilemmas — and we are happy to share our presentations. Why not offer your expertise to others?

5. Be a mentor.

The PRSA Code of Ethics recognizes our duty to enhance the profession. Not only does this apply to how we practice public relations, but also to how we help our peers and others recognize good and bad ethical decisions.

We aren’t the only ones who’ve participated in brainstorming sessions with smart and well-intentioned colleagues who have suggested posting anonymous comments on the Internet to support our clients. Many don’t realize that this suggestion is taboo by ethical standards. PRSA’s Ethical Standards Advisories (ESAs) are great teaching tools for our friends and co-workers.

No matter how you choose to infuse ethical behavior into your daily practice, remember that BEPS is here for you. Visit www.prsa.org/ethics to find a variety of resources, including ESAs, case studies and best practices — all designed to help you be ethical every day.

What you do within your Chapters and communities is critical to advancing ethical PR practice. Let’s work together to make it happen.
Do the Right Thing

An everyday reality for PR pros

Once a year like clockwork, September rolls around and PRSA announces a plethora of activities designed to educate, inform and inspire members and non-members alike about the role that ethics plays in the conduct of our profession. This year’s theme was “Ethics Every Day,” and there was something of interest and use for everyone.

Ethics should be an everyday reality for all of us. It should be intuitive and proactive, not haphazard and reactive. While ethical practice is most assuredly not a “once-a-year” thing like an annual physical exam, this concentrated focus on ethics serves a valuable purpose.

Why? Because the PR profession, like many others, is still regarded with skepticism by some, based on the all-too-public shenanigans of a few in our community who refer to themselves as PR professionals but whose credentials are, at best, spotty. And their actions are taken to represent the way we all operate.
In addition, the tools used by PR professionals to help service their clients or employers are increasing exponentially. For those of us who have been around long enough to remember the advent of that remarkable time-saving gizmo called a “facsimile machine,” today’s options can be mind-boggling. We think we’ve got a handle on the dos and don’ts of the various platforms. Then along comes a new means of communicating and with it, a whole new menu of potential ethical mishaps.

PRSA’s Board of Ethics and Professional Standards (BEPS) works year-round to provide you with the most current information possible. This includes coordination with District and Chapter leadership teams to address their needs, and an ongoing review of PRSA’s Ethical Standards Advisories to ensure that they address current communication challenges. For example, BEPS is publishing a new “Ethics and Social Media” (ESA), to address a very timely need that members have identified. (We invite your input on issues that you have encountered or see looming on the horizon.)

Ethics Month is one of PRSA’s initiatives to remind ourselves of the importance of being seen as ethical practitioners. It is also an opportunity to educate our publics on the fact that we do have guidelines and oversight to help members and non-members understand that we, as the largest organization representing the profession and the professional, are committed to ethical conduct and practice.

With that in mind, PRSA devotes its energies to an action-packed month of tweet chats, webinars, blog posts and Chapter and District outreach in order to reach and teach as many PR professionals as possible.

And the hope is that our Districts and Chapters will take the advice and insights from this month and apply them to their own individual programming needs throughout the year.

This is your opportunity to join in the conversation, offer your own insights and experiences and learn from others who have been there before you. Check your email, visit the PRSA website and follow along on the many social media platforms for information on dates and times for Ethics Month activities.
Is Your Work Protected?

Understanding intellectual property

You spent a few months building a relationship with a prospect. You submitted a well-thought-out proposal, complete with some of your best, most unique recommendations to impress – ideas that you developed exclusively for them.

Then, after another few months of back-and-forth communications, the client finally gave you the business. You had a kickoff meeting to go over your ideas and campaigns, all of which were enthusiastically embraced.

But then, one month into the project, your “something’s not quite right” alarm bells start going off. Your new client has stopped returning your calls. And, when she finally does call, it’s with a contrived excuse about not being able to implement your proposed plans for various reasons, such as complications from the home office, rethinking the budget or timing issues – fabricated reasons to escape the contract.

Meanwhile, during this process, you learn that your client had implemented the plan that you developed and submitted while trying to get out of her agreement with you.
You’ve always run your business built on best practices, developed your pitches, submitted your proposals based on good faith and treated prospects and clients with the highest ethical standards, with the expectation that they would treat you in the same manner.

Thankfully, for the most part, the majority of clients and prospects are honest and ethical in their approach to business as well. But what can you do to protect yourself against scenarios like this? What recourse, if any, do you have?

We posed these questions to some agency executives for their experience with intellectual property, and also asked an intellectual property attorney for input.

Here’s what they had to say, what we learned and what you can do to avoid finding yourself in this situation:

Knowing your rights

Agencies have been dealing with the issue of intellectual property rights since the beginning of time. As Picasso once said, “Good artists borrow, great artists steal.”

Jan Talamo, Chief Creative Officer and head of brand strategies at M Partners, a boutique PR and marketing agency, recalls more than a few times when his agency pitched solid spec ideas but did not receive the business. Months, and sometimes years later, he would see clients use his original concepts in their branding efforts.

“The agency business is the most brutal business in the world,” Talamo said. “A lot of time and creative energy goes into client and prospect pitches. Not knowing whether or not your ideas will appear in one form or another when you don’t win a pitch is one of the main reasons agencies are reluctant to participate in ‘cattle calls.’”

He added that he was recently in a pitch where the CMO based the RFP on hypothetical scenarios specifically because she didn’t want the agencies to feel their work would be used down the road.

“I thought that was a stand-up thing to do,” Talamo said.

John Senall, Principal and Founder of Mobile First Media, a digital and integrated communications firm, and immediate Past Chair of PRSA’s Northeast District, thinks that much of the challenge has to do with the industries that we work in and the deliverables of the trade.

Communications and PR concepts and plans are, by nature, less physically tangible than other products. Senall said that while our ideas may be original, they are still hatched and executed using tools and tactics that have proven to work over time.

“If I am being asked to provide more details than seem usual during a pitch or in a proposal to a prospective client, or being pressed for more follow-up information, I consider pausing right there, as it could be a warning sign,” he said. “Ethical clients should be looking for ideas but also for experience and a proven track record of results. They should absolutely not be looking for the proposal to be written out in a roadmap they can run with themselves.”

Expressing your ideas

So what steps can a PR agency or consultant take to protect their intellectual property rights? And what comprises intellectual property?

According to Michael Lasky, Partner, Co-chair of the Litigation Practice Group of Davis & Gilbert LLP and chair of their Public Relations Law Practice Group, a PR firm’s intellectual property can be almost any written or visual expression of its ideas. These may be contained in an agency’s strategy whitepaper to
a prospective or actual client, a PowerPoint or in a PR plan or proposal.

One of the most common forms of protecting intellectual property prior to a contract is with a copyright notice, in an obvious placement, with the date and author’s name, such as: Copyright © 2015 [Copyright Owner’s Name]. All Rights Reserved.”

As Lasky said: “In addition to the copyright notice, agencies and consultants can protect intellectual property with a formal pitch agreement, which is the most protective for an agency. The second-most protective is a non-disclosure agreement; the third is known as an ‘elegant email,’ which basically describes that the agency or consultant owns the materials as discussed with the prospect or client.”

What about a situation when a contract is terminated and the client implements ideas or marketing plans that the agency made?

“Agencies can be paid for their ideas and marketing plans submitted, provided that those terms were spelled out in the contract,” Lasky said. “There are many aspects to the topic. The protection of intellectual property rights is definitely not a black-and-white issue. Agencies and consultants need to understand and be trained on intellectual property and laws that affect their output.”

Achieving a balance

Before your next presentation to a prospective client, review your contract language to make sure you are fully protected. Also, consider working with an intellectual property law firm so that you have defined the parameters regarding all of the materials that you present to your clients.

Include verbiage in your agreements spelling out ownership and any related transfer usage rights and agreed-on remuneration. At the very least, ensure that the copyright information is clearly displayed on your materials.

Protecting intellectual property, while simultaneously not alienating a client or a prospect, can be a delicate balance. But you can achieve this balance by taking some of the ideas in this piece into consideration. In the end, all parties will benefit.
Tough Situations

Making ethically sound decisions in public relations

Two things are clear about up-and-coming PR professionals: They are eager to learn more about ethics and they want to better understand how to make ethically sound decisions.

How do I know this? Over the past two years, I have been working with Michele Ewing, APR, Fellow PRSA, of Kent State University to conduct national research about leadership development in public relations. Michele and I have interviewed senior practitioners, young professionals and current students from across the United States, and from a diverse array of backgrounds, industries, geographies and educational institutions.

We have also interviewed directors of the top PR programs in the country. The topic of ethics keeps bubbling to the surface as a priority, and especially so among current students and young professionals. They crave more guidance on how to handle tough situations – and perhaps some established practitioners do, too.
This article will provide you with step-by-step considerations for ethical decision-making in the PR practice. But first, stop to consider why students and young professionals may be struggling with ethics.

My take? I don’t think the fault lies with educators, or even with parents. Unknown situations and never-before-faced circumstances are simply daunting for young professionals. And I am not convinced that this is any different for millennials or Generation Z than it was for Generation X or prior generations. What you haven’t faced before can be intimidating. So those of us with experience have a responsibility to help students and young professionals better understand ethics and how to handle tough situations.

Here are a few considerations to keep in mind, as you strive to make ethically sound decisions:

1. Keep in mind that what’s legal and what’s ethical aren’t always the same.

Usually the two go hand-in-hand. But there may be certain organizational decisions and actions that, while legally sound, are not fully ethical. Consider the handling of customer data and how actions could fall into one of four categories:

- Ethical and legal: Keeping customer data confidential
- Ethical, but not legal: Calling attention to the improper handling of customer data
- Not ethical, but legal: Sharing disclosures according to legal requirements, but doing so in a way that customers don’t understand what they are agreeing to, as far as sharing data with other companies
- Not ethical or legal: Providing customers’ information to other companies without their permission

Your responsibility as a PR professional is to learn as much as possible about policies and practices and to understand the legal guidelines governing those processes. When practices fulfill legal requirements but seem questionable from an ethics standpoint, you should ask questions, foster discussion and help ensure that your employer or client is doing right by the public.

2. Be aware that ethics exist on a spectrum.

There are not “good” ethics or “bad” ethics; rather, the concept of ethics exists along a continuum. Your values are shaped by a lifetime of influences, including family, friends, colleagues, neighbors and personal and professional circumstances. A colleague may have different values than you, shaped by different influences and experiences. Does that make your ethics good and the other person’s bad? No.

A dangerous trap to fall into when facing tough situations is to believe that your own values are inherently the best. Instead, you need to carefully and objectively consider each situation and the potential impact that particular decisions might have.

In some instances, a certain decision may be the most ethical and in others, that same decision may not be. The spectrum of ethics ranges from those decisions and actions that serve only you to those decisions and actions that serve everybody equally well. It’s awfully rare when the correct decision only serves yourself and just as rare to find circumstances where everyone can be served equally well.

There are often compromises to make, and that’s where the concept of a spectrum comes into play. Indeed, there is never one single point on that spectrum that’s “good” for every possible situation. You really have to dig deep into possible implications and weigh the potential impacts – both short- and long-term.
3. Strive to serve the greatest possible good.

In the world of ethics, we usually try to land in the realm of what's called utilitarianism: the greatest good for the greatest number. How do you arrive at that kind of decision?

You start by looking at moral and situational considerations. Is there a moral code of behavior that, when applied consistently, regardless of situation, would always provide the greatest good for the greatest number? For example, you might believe that it is never right to withhold information from employees. When applied consistently, regardless of situation, would that approach always ensure the greatest good for the greatest number? Most likely not.

You then need to factor in situational considerations. If there's a chance that the company might go into the red next year, but senior leaders have identified a way to prevent that from happening, would telling employees about all of this provide the greatest good for the greatest number? Perhaps. Then again, perhaps not.

Your responsibility as a practitioner is to think through the implications and to help your fellow leaders decide what seems to be the most ethically sound path.

4. Know the code (of ethics).

In public relations, we are fortunate to have the PRSA Code of Ethics. In fact, what defines an occupation as a profession is the very existence of professional standards and an ethical code of behavior. The PRSA Code of Ethics factors in both moral and situational considerations, addressing multiple categories of the tough situations that you may face and providing guidance for each.

Throughout my career, I have found the PRSA Code of Ethics to be a helpful framework for decision-making. Of course, no moral code is inherently perfect. That's where situational considerations, sound judgment and your own thorough assessment of potential impacts and implications come into play.

Truth be told, the way you get good at making tough decisions is to make tough decisions. If you are a young professional, then I encourage you to ask your supervisor or a mentor to talk you through specific decisions that they are facing, or have recently faced. Better yet, ask if you can help assess a situation and provide input.

If you are a senior practitioner, then I urge you to talk candidly with young professionals about how you navigate the complexities of PR practice. The more we all share and talk, the better we can serve each other, the profession and society.
Chartered in 1947, the **Public Relations Society of America** (PRSA) is the world’s largest and foremost organization of public relations professionals with more than 22,000 public relations and communications professionals, in addition to more than 10,000 university and college students through the Public Relations Student Society of America (PRSSA).

PRSA provides professional development, sets standards of excellence and upholds principles of ethics for its members. We also advocate for greater understanding and adoption of public relations services, and act as one of the industry’s leading voices on pivotal business and professional issues.

With support from thousands of PRSA members, The PRSA Foundation, an independent, 501(c)(3) charity, raises funds to fuel the passion, dreams and futures of a diverse range of ambitious and promising students. PRSA is also a founding member of the Global Alliance for Public Relations and Communication Management.

More information about PRSA can be found at: [http://www.prsa.org](http://www.prsa.org)

The **Ethisphere Institute** is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. Ethisphere honors superior achievement through its World’s Most Ethical Companies® recognition program, provides a community of industry experts with the Business Ethics Leadership Alliance (BELA) and showcases trends and best practices in ethics with the *Ethisphere Magazine*.

Ethisphere is also the leading provider of independent verification of corporate ethics and compliance programs that include: Ethics Inside® Certification and Compliance Leader Verification™.

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