

Chris Komisarjevsky

CEO, Burson Marsteller Worldwide

SOCIAL RESPONSIBILITY > People Expect More From Corporations

And so I think we're sort of in this shifting moment where people expect corporations to provide the financial return. But they're, now they're saying give me something more. Make sure that you behave in a manner. You actually behave in a manner that we can respect and we want to have some kind of relationship. Either we're going to invest in your company, buy the products, go to work for you, pass a law that's going to be helpful, whatever the situation is. So there's an increasingly different kind of pressure on companies.

... And corporate social responsibility is a mandate that companies have today. They don't have any choice. The fact of the matter is that when you look at the research, our research as well as other research you'll find that people expect, those people who shape opinions. And in many cases that's legislators, that's government people, that's other corporations, that's members of the media, that's activist organizations. They are saying to companies yes we want you to earn a return but we want you to do it right. And we want you to do it in a responsible way. We don't want you to abuse the environment. We don't want you to abuse ethics. We don't want you to abuse people's rights. We want you to do it properly and we're going to hold you accountable for it.

PERCEPTION MANAGEMENT > Targeting E-fluentials

So the internet and in particular activist organizations, non-government organizations, NGOs, activist organizations are very, very proficient, very skilled, very sophisticated at using all of the public relations techniques. All of the techniques for communicating on the internet to express a point of view. Gain support, and actually make sure that corporations are under the microscope.

The fact is that corporations need to be equally as good. They need to know who that gets on that keyboard and looks in that screen is influencing those opinions and they have to be very good at finding a way to reach those people.

We call those people E-fluentials. These are people who are early adopters of technology. They're people who see this as a means of learning and sharing views. And if you can reach those people, those E-fluentials, their ability to influence opinions is monumental.

STRATEGIES FOR CHANGE > Using The Activists' Tools

Whenever you have demonstrations like that, whether it's in Seattle, whether it's in Genoa, whether it's in Washington, I think one of the most striking things is when you're dealing with some of these activist organizations how sophisticated they are. And in many cases corporations how naïve they are. And what they have to do to be able to deal with this kind of pressure.

Now it's a very, these are a lot of very serious issues that organizations are talking about. But the fact is that these activist organizations use every tool that anybody could ever think of. They're very strong and they are very, very conscious of what the camera is going to pick up, what the sound bite is going to be and their point of view. And finding a way to get it across in the most dramatic way. It could be any, it could be demonstrations. It could be putting pies in people's faces in a public environment. It could be outside the courtroom steps. It could be any number of things. But they know where to go to get the attention. They're very good at it.

And I think in many ways it's a signal to corporations that if you feel strongly about an issue, if you don't want to be maligned incorrectly then you have to speak out. And you have to do it very smart and you have to do it by using all of the tools that a NGO, or an activist organization might be using as well.

PERCEPTION MANAGEMENT > Valuing Intangible Assets

Corporations actually are successful based on both tangible assets and intangible assets. And traditional thinking was that it was the tangible assets that created a value in a corporation.

That it's the plants, it's the machinery, it's how many square feet that you had of machinery. It's how fast the shampoo bottle moved through the assembly line. Well what we have seen over these last five to ten years is the fact that it's not so much the tangible assets because anybody can buy a plant. It's the intangible assets.

And I have an MBA and when you look at the theory of business and you think about intangible assets there are basically four intangible assets that school will talk about today. It's the brand, the reputation of the brand. It's the relationships that a company has that with those stakeholders and those forces that permit it to exist, or if not be successful.

It's the human capital inside the company. The people who work everyday to make that company a success. And fourth it's the systems that a company has for sharing knowledge, moving knowledge, moving technology around the company. Our view is that there really should be a fifth capital.

And that fifth capital is communications capital. Because none of those intangibles are really as strong as they could be unless they're leveraged with

communications. Unless people know about it, unless people understand. Unless people will give you a benefit of the doubt when you stub your toe and fall. Unless they understand the depth of the relationships, the qualities of the brand, the values that a company has. The quality of the people who work every single day hard to accomplish some goal it's not going to be there.

And if you look at the market cap companies and you look at the changes in the market cap of companies, the multiple that companies that have a high quotient of these intangible assets or what's also called intellectual capital is much higher than those companies that are very traditional manufacturing companies today.

So the future in companies is to emphasize the intangible assets perhaps even more than they have in the past, and perhaps even more than they ever thought they should. That then comes back to the reputation of a company.

PERCEPTION MANAGEMENT > Strategic Philanthropy

In early days corporate philanthropy was sort of the first entrée where a chief executive or a senior member of management said, you know what's really important to our employee population is the arts. Or is culture. So we need to be giving some of the resources and do what is often called you know giving back to the community.

And that had a life of its own and a very important life. You look at major corporations that have supported the arts, and made the arts available to people who otherwise couldn't afford it - it's extraordinary. But when you think about corporate social responsibility, corporate philanthropy is simply a tangible way of saying we as a corporation have decided that important to us, important to our employees, important to the markets in which we serve is this issue and we're going to give something to it. We're going to put something back but it's going to be focused. The smartest companies are those that have channeled their philanthropy into an area that is core to the values of the company. That is what it should be done.

PERCEPTION MANAGEMENT > I Hate Spin

When-people look at the public relations industry, a lot of cases they just don't know what we do. That's one thing, one side of the coin. The other side of the coin is that they tend to use terms like spin, and spin doctors and things like that. And to me that is absolutely wrong.

It is a term that I absolutely despise because the concept of spin is based on disrespect. What we do is based on the respect of an individual to have information put at their disposal and then make the right decision. And I'm the

kind of person who believes very much in the ability of informed people to make the right decision.

And that decision could be buy stock, or not buy stock. Buy a product not buy a product. Get employed or refuse to work for a company. Pass a piece of legislation or vote against the legislation.

But it's the respect for the individual to make the right decision which I believe is at the root of communications and it is clearly at the root of the way Burson Marsteller practices its business.