CHAPTER OVERVIEW

This chapter describes the historical development of communication within organizations and the emergence of corporate communication. It starts with a brief discussion of the historical development of separate communication disciplines such as marketing communication and public relations, and moves on to explain why organizations have increasingly drawn these disciplines together under the umbrella of corporate communication. The chapter concludes with discussing the ways in which contemporary organizations organize communication activities in order to strategically plan and coordinate the release of messages to different stakeholder groups.

INTRODUCTION

2.1 The evolution of communication disciplines and techniques that are used by organizations to promote, publicize or generally inform relevant individuals and groups within society about their affairs began at least 150 years ago. From the Industrial Revolution until the 1930s, an era predominantly characterized by mass production and consumption, the type of communications employed by organizations largely consisted of selling activities, publicity, and promotions to mainly buoyant markets. The move towards less stable, more competitive markets, coinciding with greater government interference in many markets and harsher economic circumstances, resulted, from the 1930s onwards, in a constant redefining of the scope and practices of communication in many organizations in the Western world. Communication practitioners had to rethink their discipline. They developed new practices and areas of expertise in response to changing circumstances in the markets and societies in which they were operating.
This chapter is about the changing definition, scope and organization of communication in organizations, and about the societal and market dynamics that triggered its evolution. A brief sketch will be provided of the historical evolution of the two main individual communication disciplines in each organization: marketing and public relations. The chapter will describe the development of both disciplines and will then move on to discuss why organizations have increasingly started to see these disciplines not in isolation but as part of an integrated effort to communicate with stakeholders. This integrated effort is directed and coordinated by the management function of corporate communication. As a result of this development, managers in most corporate organizations have realized that the most effective way of organizing communication consists of ‘integrating’ most, if not all, of an organization’s communication disciplines and related activities such as media relations, issues management, advertising and direct marketing. The basic idea is that whereas communication had previously been organized and managed in a rather fragmented manner, a more effective organizational form is one that integrates or coordinates the work of various communication practitioners. At the same time, when communication practitioners are pulled together, the communication function as a whole is more likely to have an input into strategic decision-making at the highest corporate level of an organization. By the end of the chapter, the reader will have an overview of the historical development of corporate communication, of its strategic role and of the various ways in which communication can be effectively organized.

HISTORICAL BACKGROUND

Communication management – any type of communication activity undertaken by an organization to inform, persuade or otherwise relate to individuals and groups in its outside environment – is, from a historical perspective, not new. But the modernization of society, first through farming and trade, and later through industrialization, created ever more complex organizations with more complicated communication needs.

The large industrial corporations that emerged during the Industrial Revolution in the nineteenth century in the United Kingdom, in the United States and later on in the rest of the Western world required, in contrast to what had gone before, professional communication officers and a more organized form of handling publicity and promotions. These large and complex industrial firms sought the continued support of government, customers and the general public, which required them to invest in public relations and advertising campaigns.¹

In those early years and right up until the 1900s, industrial corporations hired publicists, press agents, promoters and propagandists for their communication campaigns. These individuals often played on the gullibility of the general public in its longing to be entertained, whether they were being deceived or not, and many advertisements and press releases in those days were in fact exaggerated to the point where they were outright lies. While such tactics can perhaps now be denounced from an ethical standpoint, this ‘publicity-seeking’ approach to the general public
was taken at that time simply because organizations and their press agents could get away with it. At the turn of the nineteenth century, industrial magnates and large organizations in the Western world were answerable to no one and were largely immune to pressure from government or public opinion. This situation is aptly illustrated by a comment made at the time by William Henry Vanderbilt, head of the New York Central Railroad, when asked about the public rampage and uproar that his company’s railroad extensions would cause. ‘The public be damned,’ he simply responded.2

The age of unchecked industrial growth soon ended, however, and industrial organizations in the Western world faced new challenges to their established ways of doing business. The twentieth century began with a cry from ‘muckrakers’; investigative journalists who exposed scandals associated with power, capitalism and government corruption and who raised public awareness of the unethical and sometimes harmful practices of businesses. To respond to these ‘muckrakers’, many large organizations hired writers and former journalists to be spokespeople for the organization and to disseminate general information to these ‘muckraking’ groups and the public at large so as to gain public approval for their decisions and behaviour.3 At the same time, while demand still outweighed production, the growth of many markets stabilized and even declined, which led organizations to hire advertising agents to promote their products to existing and prospective customers in an effort to consolidate their overall sales.

In the following decade (1920–30) economic reform in the US and the UK and intensified public skepticism towards big business made it clear to organizations that these writers, publicists and advertising agents were needed on a more continuous basis, and should not just be hired ‘on and off’ as press agents had been in the past. These practitioners were therefore brought in-house and communication activities to both the general public and the markets served by the organization became more systematic and skilled.4 This development effectively brought the first professional expertise to the area of communication within organizations and planted the seeds for the two professional disciplines that defined for the majority of the twentieth century how communication would be approached by organizations: marketing and public relations.

Both marketing and public relations emerged as separate ‘external’ communication disciplines when industrial organizations realized that in order to prosper they needed to concern themselves with issues of public concern (i.e., public relations) as well as with ways of effectively bringing products to markets (i.e., marketing). Both the marketing and public relations disciplines have since those early days gone through considerable professional development, yet largely in their own separate ways. Since the 1980s, however, organizations have increasingly started to bring these two disciplines together again under the umbrella of a new management function that we now know as corporate communication. This trend towards ‘integrating’ marketing and public relations was noted by many in the field, including Philip Kotler, one of the most influential marketing figures of modern times. Kotler commented in the early 1990s that ‘there is a genuine need to develop a new paradigm in which these two subcultures [marketing and public relations] work most effectively in the best interest of the organization and the publics it serves’.5
In 1978, Kotler, together with William Mindak, had already highlighted the different ways of looking at the relationship between marketing and public relations. In their article, they had emphasized that the view of marketing and public relations as distinct disciplines had characterized much of the twentieth century, but they predicted that a view of an integrated paradigm would dominate the 1980s and beyond as ‘new patterns of operation and interrelation can be expected to appear in these functions’. Figure 2.1 outlines the different models that Kotler and Mindak described to characterize the relationship between marketing and public relations, including the integrated paradigm (model (e)) where marketing and public relations have merged into a single external communication function.

### INTEGRATED COMMUNICATION

#### 2.3

Until the 1980s, marketing and public relations were considered as rather distinct in their objectives and activities with each discipline going through its own trajectory of professional development. Central to this traditional view (model (a) in Figure 2.1) was the simple point that marketing deals with markets, while public relations deals with all the publics (excluding customers and consumers) of an organization. Markets, from this perspective, are created by the identification of a segment of the population for which a product or service is or could be in demand, and involves product or service-related communication. Publics, on the other hand, are seen as actively creating and mobilizing themselves whenever companies make decisions that affect a group of people adversely. These publics are also seen to concern themselves with more general news related to the entire organization, rather than specific product-related information. Kotler and Mindak articulated this traditional position (model (a)) by saying that ‘marketing exists to sense, serve, and satisfy customer needs at a profit’, while ‘public relations exists to produce goodwill with the company’s various publics so that these publics do not interfere in the firm’s profit-making ability’.
Over time, however, cracks appeared in this view of marketing and public relations as two disciplines that are completely distinct in their objectives and tactics. Rather than seeing them as separate, marketing and public relations, it was recognized, actually shared some common ground (model (b) in Figure 2.1). In the 1980s, for instance, concern over the rising costs and decreasing impact of mass media advertising encouraged many companies to examine different means of promoting customer loyalty and of building brand awareness to increase sales. Companies started to make greater use of ‘marketing public relations’: the publicizing of news and events related to the launch and promotion of products or services. ‘Marketing public relations’ (MPR) involves the use of public relations techniques for marketing purposes which was found to be a cost-effective tool for generating awareness and brand favourability and to imbue communication about the organization’s brands with credibility (see Case Example 2.1 for a recent example). Companies such as Starbucks and The Body Shop have consistently used public relations techniques such as free publicity, features in general interest magazines and grassroots campaigning to attract attention and to establish a brand experience that is backed up by each of the Starbucks and The Body Shop stores.

CASE EXAMPLE 2.1
THE USE OF MARKETING PUBLIC RELATIONS TO PROMOTE THE PASSION OF THE CHRIST

The movie, The Passion of The Christ, released in 2004, tells the story of the last 12 hours in the life of Jesus Christ. Directed and produced by Mel Gibson, the film depicts Christ’s arrest, trial and crucifixion in Aramaic (believed to have been Jesus’ native language), Latin and Hebrew. Because of the subject, the graphic violence in the film and the fact that the movie-going public had to watch the movie with subtitles, Gibson reportedly had difficulty finding a company to distribute the movie. Newmarket and Icon Films eventually agreed to distribute the movie in the United States and around the world.

To promote the film, Gibson did not rely on traditional advertising but instead used public relations (pre-screenings and publicity in the media) and grassroots marketing techniques. Gibson recognized that creating controversy was the key to building awareness of the film. He therefore invited prominent Christian and Jewish church leaders known for their political and social conservatism to watch the movie. An early version of the movie script was also leaked by an employee of the production company to a joint committee of the Secretariat for Ecumenical and Inter-Religious Affairs of the United States Conference of Catholic Bishops and the Department of Inter-religious Affairs of the Anti-defamation League. This committee concluded that the ‘main storyline presented Jesus as having been relentlessly pursued by an evil cabal of Jews headed by the high priest Caiphas who finally blackmailed a weak-kneed Pilate into putting Jesus to death. This is precisely the storyline that fueled centuries of anti-Semitism within Christian societies.’ When the movie

(Continued)
was released, although some Jews were supportive of Gibson and the movie, the overwhelming reaction from within the Jewish community was negative. Jewish religious groups expressed concern that the film blame the death of Jesus on the Jews as a group which, they claimed, could fuel anti-Semitism. Through the pre-screening of the movie to church leaders and the leaking of the script Gibson had created an enormous amount of media coverage focused on how incensed certain people were about the film and its message. This controversy in turn created so much buzz and word-of-mouth around the movie which stimulated a core audience of Christian moviegoers but also general moviegoers to want to see the movie.

A further step that Gibson took to raise awareness, and to further increase the controversy surrounding his movie, was to claim that the late Pope John Paul II had seen the movie at a private viewing of the film shortly before its release. He claimed that the Pope had allegedly remarked to his good friend, Monsignor Stanisław Dźwisz: ‘It was as it was.’ Dźwisz later denied that this ever happened, but it was widely reported by CNN and other news organizations that the Pope had said those words.

Finally, Gibson also undertook a grassroots marketing effort with local church groups, who promoted the film with their constituents through free tickets and discounted ticket prices. In this way, he ensured that the core audience would not only watch the movie but would also spread favourable word-of-mouth about it to others.

In the end, many moviegoers went to see *The Passion of The Christ* and the movie went on to gross $611,899,420 worldwide ($370,782,930 in the US alone) in 2004, putting it among the highest-grossing films of all time.


‘Marketing public relations’ (MPR), because it is focused on the marketing of a company’s products and services, is distinct from ‘corporate’ activities within public relations. These corporate activities, that are sometimes labeled as ‘corporate public relations’ (CPR), involve communication with investors, communities, employees, the media and government. Figure 2.2 displays a number of core activities of both the public relations and marketing disciplines, and outlines a set of activities (including specific tools and techniques) that are shared, indicating the overlap between the two functions. Figure 2.2 also displays the difference between ‘marketing public relations’ (MPR) and ‘corporate public relations’ (CPR).

Starting on the left of the figure, marketing of course involves a range of activities such as distribution, logistics, pricing and new product development (area ‘C’ in Figure 2.2) besides marketing communications. Marketing communications, in the middle of the figure, involves corporate advertising (‘A’) and mass media advertising (‘F’), direct marketing and sales promotions (‘B’), and product publicity and sponsorship (‘E’). Two of these activities: corporate advertising (‘A’) and product publicity and sponsorship (‘E’) overlap with public relations. Corporate advertising involves the use of radio, TV, cinema, poster or internet advertising to create or maintain a
favourable image of the company and its management. Although it is a form of advertising, it deals with the 'corporate' image of the company, and is as such distinct from mass media advertising ('F') which is focused on the company’s products or services to increase awareness or sales. Product publicity and sponsorship involve activities that aim to promote and market the company’s products and services. Both sets of activities draw upon techniques and expertise from public relations. Publicity in particular is often achieved through coverage in the news media. Sponsorship of a cause or event may also serve both marketing and corporate objectives. It can be tied into promotional programs around products and services but can also be used to improve the company’s image as a whole.

Besides the direct sharing of activities such as sponsorship, there are also a number of ways in which marketing and public relations activities can complement one another. For example, there is evidence that a company’s image, created through public relations programs, can positively reflect upon its product brands,
thereby increasing the awareness of the product brand as well as enhancing consumers’ favourable impression of the brand. Another complementary relationship that exists is the guardian role of public relations as a ‘watchdog’ or ‘corrective’ for marketing in bringing other viewpoints and the expectations of stakeholders to bear upon strategic decision-making besides the need to boost sales with customers.

This overlap and complementarity between marketing and public relations suggested to organizations that it is useful to align both disciplines more closely or at least manage them in a more integrated manner. Not surprisingly, a lot of discussion and debate during the 1980s and 1990s took place on the importance of ‘integration’ and what such integration should look like within organizations. Back in 1978, Kotler and Mindak articulated three models of integration (models (c), (d) and (e) in Figure 2.1). Each of these models articulates a different view of the most effective form of integration.

Model (c) involves a view of marketing as the dominant function which subsumes public relations. In this model, public relations becomes essentially part of a wider marketing function for satisfying customers. An example of this perspective involves the notion of Integrated Marketing Communications (IMC) which is defined as

a concept of marketing communication planning that recognizes the ‘added value’ of a comprehensive plan that evaluates the strategic role of a variety of disciplines (advertising, direct marketing, sales promotions and public relations) and combines these disciplines to provide clarity, consistency and maximum communication impact.\(^{11}\)

Within IMC, public relations is reduced to activities of product publicity and sponsorship, ignoring its wider remit in communicating to employees, investors, communities, the media and government.

Model (d) suggests the alternative view that ‘marketing should be put under public relations to make sure that the goodwill of all key publics is maintained’.\(^{12}\) In this model, marketing’s role of satisfying customers is seen as only part of a wider public relations effort to satisfy the multiple publics and stakeholders of an organization. An example of this perspective involves the notion of ‘strategic public relations’ which assumes that all ‘communication programs should be integrated or coordinated by a public relations department’ including ‘integrated marketing communication, advertising and marketing public relations’ which should ‘be coordinated through the broader public relations function’.\(^{13}\)

Model (e), finally, favours a view of marketing and public relations as merged into one and the same ‘external communication’ function. In the view of Kotler and Mindak, ‘the two functions might be easily merged under a Vice President of Marketing and Public Relations’ who ‘is in charge of planning and managing the external affairs of the company’.\(^{14}\) Despite Kotler and Mindak’s preference for this model, it is not a form of integration that is much practiced within organizations. Instead of merging the two disciplines into one and the same department, organizations want to keep them separate but actively coordinate public relations and marketing communication programs. In hindsight, then, most organizations appear to practice model (b) to coordinate marketing communications and public relations.
DRIVERS FOR INTEGRATED COMMUNICATION

2.4 In short, in most organizations marketing and public relations disciplines are not merged or reduced within organizations to one and the same function. This may not be feasible in practice given the important differences in activities and audiences addressed by each (see Figure 2.1). However, both disciplines, while existing separately, are balanced against each other and managed together from within the overarching management framework of corporate communication. This management framework suggests a holistic way of viewing and practicing communication management that cuts across the marketing and public relations disciplines (and activities such as advertising and media relations within them). According to Anders Gronstedt, a communication consultant, corporate communication ‘inserts the various communication disciplines into a holistic perspective, drawing from the concepts, methodologies, crafts, experiences, and artistrys of marketing communication and public relations’.15

The importance of integrating marketing communications and public relations in this way has resulted from a variety of factors or ‘drivers’ as these can be more aptly called. Generally, these ‘drivers’ can be grouped into three main categories: those drivers that are market- and environment-based, those that arise from the communication mix and communication technologies, and those that are driven by opportunities, changes and needs from within the organization itself. All these drivers are set out in Table 2.1.

**Market- and environment-based drivers**

The environment in which organizations operate has changed considerably over the past two decades. The demands of different stakeholders such as customers, investors, employees and NGO and activist groups have forced organizations to put considerable

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effort into integrating all their marketing and public relations efforts. This integration
is also important when one considers the multiple stakeholder roles that any one indi-
vidual may have, and the potential pitfalls that may occur when conflicting messages are
sent out. Individuals may be employees of an organization, but also at the same time its
customers or members of the local community in which the organization resides. As a
result, *internal communication to employees cannot be divorced from external commu-
nication*, and vice versa. New technologies have also erased the dividing line between
internal and external communication; smartphone and BlackBerry-wielding workers for
example can broadcast corporate information in real time, with much corporate news
nowadays coming from Twitter feeds. Organizations are also facing increased demands
for *transparency* about their operations. In their efforts to respond to these social expec-
tations and to present themselves as coherent, reliable and trustworthy institutions with
nothing to hide, organizations across industries and sectors increasingly embrace meas-
ures of integration. Organizations often adapt to the growing demand for information
and stakeholder insight through policies of consistency, that is, by formalizing all com-
munications and pursuing uniformity in everything they say and do.

**Communication-based drivers**

In today’s environment it is also much more difficult for an organization to be heard
and stand out from its rivals. Media and communication experts have estimated that
on average a person is hit by 13,000 commercial messages (including being exposed
to company logos) a day. Integrated communication strategies are more likely to
break through this *communication clutter* and make the company name or product
brand heard and remembered than ill-coordinated attempts would. Through *consistent messages* an organization is more likely to be known and remembered by
key stakeholder groups. Organizations have therefore increasingly put considerable
effort into managing their corporate image by rigorously aligning and controlling all
communication campaigns and all other contact points with stakeholders.

Organizations also realized that messages in various media can complement one
another, leading to a greater communication impact than any one single message
can achieve. Because of the increasing costs of traditional mass media advertising
and the opportunities afforded by the internet and social media, many organizations
have therefore re-examined their *media presence and how to control it*. As a result of
these two developments, organizations now tend to look at media in a much broader
sense and across the disciplines of marketing and public relations. Organizations have
also become more creative in looking beyond corporate and product advertising to
other media for communicating with stakeholders.\(^\text{16}\) Many organizations today for
example use a whole range of internet media including corporate blogs, websites,
banners, and sponsored online communities (see Chapter 14).

**Organizational drivers**

One of the main organizational drivers for integration has been the need to *become
more efficient*. By using management time more productively and by driving down
the cost base (for example, as research and communication materials are more widely
shared and used for more than one communication campaign), organizations have
been able to substantially improve the productivity of their communications.
There is, in other words, an economic rationale behind bringing activities and disciplines together into consolidated departments. It is relatively expensive to have stand-alone units for different communication disciplines, as it raises the costs of coordinating tasks and responsibilities. In contrast, when disciplines are taken together into one or a few departments, it may not only enhance the functional expertise and skills base of communication professionals within those departments, but it may also ease coordination and minimize the necessity and cost associated with cross-department or cross-unit interaction. Greater integration, in other words, increases the accountability of the communication function in many organizations. An added organizational benefit is that with easier coordination across communication practitioners and disciplines, organizations were better able to provide strategic direction to all of their communication with different stakeholder groups and to guide communication efforts from the strategic interests of the organization as a whole.

A further driver for integration at the organizational level was the increasing realization that various communication disciplines, regardless of their internal or external focus, shared many commonalities in expertise and tools, and also overlapped to a large extent. Often, PR, marketing and internal communication professionals share similar goals, skills or tasks, or indeed are actively dependent on each other to realize their own objectives. As such, it made sense to organize these professionals in ways that brings together their joint expertise and harnesses the ability to channel their efforts into building strong reputations with stakeholders. The new digital age has even further eroded whatever boundaries one may have thought existed between these disciplines, with online PR tools serving marketing objectives and messages meant for an internal audience often quickly finding their way to external audiences.

THE ORGANIZATION OF CORPORATE COMMUNICATION

This chapter began with a description of the historical context of communication in organizations and reviewed different perspectives on the relationship between two main disciplines of communication: marketing and public relations. These different perspectives on the relationship between marketing and public relations each present different views of how communication in organizations is managed and organized. The historical developments which led to a view of these two disciplines first as distinct then as complementary, and finally to a view that sees them as integrated, provides a stepping stone for understanding the emergence of corporate communication. Corporate communication is a management framework to guide and coordinate marketing communication and public relations. Figure 2.3 displays this integrated framework of corporate communication.

Within this framework, coordination and decision-making take place between practitioners from various public relations and marketing communication disciplines. The public relations disciplines are displayed towards the left in Figure 2.3, whereas marketing communication disciplines are aligned towards the right. While each of these disciplines may be used separately and on their own for public relations or marketing purposes, organizations increasingly view and manage them together from a holistic organizational or corporate perspective with the company’s reputation in
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Many organizations have therefore promoted corporate communication practitioners to higher positions in the organization’s hierarchical structure. In a growing number of organizations senior communication practitioners are even members of their organization’s management team (or support this management team in a direct reporting or advisory capacity). These higher positions in the organization’s hierarchy enable corporate communication practitioners to coordinate communication from a strategic level in the organization in order to build, maintain and protect the company’s reputation with its stakeholders.

Many organizations have also started to bring the range of communications disciplines together into a single department so that knowledge and skills of practitioners are shared and corporate communication is seen as an autonomous and significant function within the organization. Some communication disciplines might still be organized as separate units or devolved to other functional areas (e.g., finance, human resources), but the general idea here is to consolidate most communication disciplines into a single department so that communication can be strategically managed from a central corporate perspective. Figure 2.4 illustrates this greater consolidation of communication disciplines in Siemens, one of the world’s largest electrical engineering and electronics companies. Figure 2.4 highlights the different disciplines within the central corporate communication department including media relations, corporate responsibility and employee communication. In addition, there are specific project teams for mergers and acquisitions (M&A) and crises incorporating staff from these different areas within corporate communication. Interestingly, Siemens has organized market communications as part of the wider corporate communication function rather than as a separate department. The explanation for this may be that Siemens is mainly a business-to-business organization and does not market itself to end-consumers or end-users of its technology.

Larger organizations, such as multi-divisional companies and multinational corporations, often locate the corporate communication department at a high level, vertically, within the organization. The vertical structure refers to the way in which tasks and activities (and the disciplines that they represent) are divided and arranged into departments (defined as the departmental arrangement) and located in the hierarchy
FIGURE 2.4 The organization of corporate communication within Siemens
of authority within an organization. The solid vertical lines that connect the boxes on an organization chart depict this vertical structure and the authority relationships involved (see Figure 2.4). Within such vertical lines, the occupant of the higher position has the authority to direct and control the activities of the occupant of the lower position. A major role of the vertical lines of authority on the organization chart is thus to depict the way in which the work and output of specialized departments or units are coordinated vertically; that is by authority in reporting relationships. The location of the communication department close to senior management also means that staff of this department directly report to the CEO and executive team. Most multi-divisional and multinational corporations have a communication department linked to the CEO and executive team in an advisory capacity. In practice, this typically means that the communication department is a staff function at corporate headquarters from where it can advise the senior decision-making team, and that the most senior communication practitioner has a direct reporting or advisory relationship to the Chief Executive Officer or even a seat on the executive board or senior management team.

The vertical structure divides each organization’s primary tasks into smaller tasks and activities, with each box on an organization chart representing a position assigned to undertake a unique, detailed portion of the organization’s overall mission. Such vertical specialization, and the spreading out of tasks over different departments, however, requires some coordination or integration of work processes. This coordination or integration is achieved through so-called horizontal structures, which ensures that tasks and activities, while spread out over departments, are combined into the basic functions (i.e., human resources, finance, operations, marketing and communication) that need to be fulfilled within the organization.

In the area of communication, horizontal structures are important as these enable companies to respond fast to emergent issues, provide control and ensure that consistent messages are being sent out through all the various communications channels. A final point stressing the importance of horizontal structures is that these may offset the potential disadvantages (functional silos, compartmentalization and ‘turf wars’) of the vertical structure and allow for cross-functional teamwork and flexibility. Horizontal structures can take various forms including multi-disciplinary task or project teams, standardized work processes and council meetings, and these are not normally displayed on an organization chart.

Multi-functional teams are an important mechanism in the coordination and integration of work of different communication disciplines. Teams can be further distinguished in terms of the natural work team, permanent teams that work together on an ongoing basis (e.g., a cross-company investor relations team), and the task force team, created on an ad hoc basis for specific projects (e.g., around a crisis or a corporate restructuring). Task force teams are also assembled when an issue or crisis emerges in the company’s environment (Chapter 11), and an adequate response needs to be formulated and communicated to key stakeholders.

Organizations can also use various tools to document work processes across disciplines and departments in visual and standardized formats, such as flow charts, process maps and checklists. Such process documentation creates a shared understanding among all communication practitioners about the processes of integration. It institutionalizes processes of integration, thus making the organization less dependent on certain individuals, facilitates continuous improvements of the processes
of integration, enables communication practitioners to benchmark their processes against other companies, and creates opportunities for cycle-time reduction.

In addition to documented work processes that are explicit and formal, integration also occurs through more informal channels. Much of the interaction among communication practitioners in fact takes place informally, in the e-mail system, over the phone, and in the hallways. Companies can facilitate such informal communications by placing communication professionals physically close to one another (in the same building), by reducing symbolic differences such as separate car parks and cafeterias, by establishing an infrastructure of e-mail, video-conferences, and other electronic communication channels, and by establishing open access to senior management. In large organizations, it is also important that communication practitioners from different disciplines (e.g., marketing communications, internal communications) frequently meet at internal conferences and meetings, where they can get to know one another, network, and share ideas.

Council meetings are another horizontal structure often used in multi-national corporations. A council meeting usually consists of representatives of different communication disciplines (e.g., media relations, employee communication, marketing communications), who meet to discuss the strategic issues concerning communication and review their past performance. Typically, ideas for improved coordination between communication disciplines bubble up at such council meetings, and the council appoints a subcommittee or team to carry them out. Generally, communication councils support coordination by providing opportunities for communicators worldwide to develop personal relationships, to coordinate communication projects, to share best practices, to learn from each other’s mistakes, to learn about the company, to provide professional training, to improve the status of communication in the company, and to make communication professionals more committed to the organization as a whole. For all of this to happen, it is important that council meetings remain constructive and participative in their approach towards the coordination of communication (instead of becoming a control forum or review board that strictly evaluates communication campaigns), so that communication professionals can learn, debate and eventually decide on the strategic long-term view for communication that is in the interest of the organization as a whole.

A final mechanism for horizontally integrating work processes of communication practitioners involves the use of communication guidelines. Such guidelines may range from agreed upon work procedures (whom to contact, formatting of messages, etc.) to more general design regulations on how to apply logotypes and which PMS colours to use. Many organizations have a ‘house style’ book that includes such design regulations, but also specifies the core values of the corporate identity. For example, Ericsson, the mobile communication network and services provider, has a ‘global brand book’ that distils the corporation’s identity in a number of core values that communication practitioners are expected to adhere to and incorporate in all of their messages to stakeholders. Ericsson also convenes a number of workshops with communication practitioners across the organization to familiarize practitioners with the Ericsson identity and the brand book.

Case Study 2.1 illustrates how communication is organized in Philips, a large multi-national corporation. It shows the choices that were made within Philips regarding the vertical and horizontal structuring of communication and how these relate to changes in the corporation’s corporate strategy, the company’s culture and the geographical complexity of its operations.
CASE STUDY 2.1
ORGANIZING COMMUNICATION IN PHILIPS

Philips, an international electronics corporation, started off as a manufacturer of light bulbs and electrical equipment in the Netherlands. Since its founding in 1891, the company has been at the vanguard of technological innovation and is credited with several inventions such as the audiocassette, the CD and the DVD. However, despite its strength in technological innovation, the company’s financial health deteriorated in the 1990s because of a lack of focus, as the company operated in too many industries and markets, and because it was lagging behind its competitors in terms of marketing its products. In 2001, when Gerard Kleisterlee took over as CEO, he introduced a more focused and cooperative approach through a program termed “Towards One Philips” (TOP). Kleisterlee’s intention was to move away from promoting each division as a separate entity. In his view, Philips had over the years become rigidly compartmentalized with each division focusing on only its own activities and on its own bottom line. The TOP program set out to promote a more cooperative approach, with divisions working together across the company and streamlining their operations. In doing so, the company would be able to cut costs and to become more focused on its customers and other stakeholders. In the words of Kleisterlee, ‘The customer doesn’t want to deal with individual product divisions, with individual product lines. He wants to have one treatment from a company called Philips and experience a brand called Philips in one and the same way.’ In 2003, Kleisterlee also redefined the company’s business domains and product portfolio as restricted to healthcare, lifestyle and enabling technologies. The company now includes three major divisions: lighting, healthcare and medical systems, as well as consumer electronics including domestic appliances and personal care, with more focused business units within each division.

Brand positioning and communication

The Philips brand itself also underwent change as a result of these changes in the company’s strategic focus, product portfolio and internal structure. In 1995, Philips launched the ‘Let’s make things better’ campaign which was meant to rejuvenate the Philips brand after a period of fragmented and ineffective product-led communication. The objective of the campaign was to project Philips as a company that delivers technology to improve people’s lives. The campaign tried to convey that Philips technology, while improving people’s lives, could also improve the world. Though the ‘Let’s make things better’ campaign was successful in profiling the company as a single brand, senior managers of the company felt that it failed to convey the design excellence and technical superiority of Philips’ products. Therefore, in 2004, the ‘Sense and simplicity’ campaign was launched to communicate the company’s traditional strengths of design and technology. In line with this positioning, the company set out to launch high-tech products that meet customers’ needs but have simple designs and easy-to-use interfaces. By ‘sense’, Philips meant ‘delivering meaningful and exciting benefits of technology that improve people’s lives’ while ‘simplicity’ referred to its ability to provide easy access to these benefits. Technological products had to be advanced but easy to operate and designed around the needs of the customer. In this way, the brand positioning is both a brand promise to customers as well as a potential differentiator.
from the company’s competitors in the marketplace. While companies like Samsung and Apple are also working towards simplifying technology for customers, Philips is among the first to make it part of its brand positioning and as core to its product design. The emphasis on simplicity not only related to marketing and the design of products, but was internally also linked to the TOP program in that both initiatives shared the objective of making Philips itself a more simple, lean and internally aligned company. In 2013, Philips unveiled a redesign of its logo and a new strap line (‘innovation you’) which is meant to further establish the company’s brand positioning in developing technological innovations that empower individuals and are built around their needs. The new logo itself is a play on the original logo of the company, in an attempt to mark the heritage and innovation history of the company.

Corporate communication within Philips incorporates this brand positioning in communications towards customers and the market. The company has set itself the target of becoming recognized as a market-driven company known for the simplicity of its products, processes and communication. Besides more market-focused communication around the themes of ‘sense and simplicity’ and ‘innovation that matters to you’, senior corporate communication managers of the company have also identified a further set of messages that they feel need to be consistently communicated to the company’s core stakeholder groups. These messages relate to its care and support for people inside and outside of the business, the company’s leadership in innovation, the company’s vision, leadership and strategy, its track record in social and environmental responsibilities, and the company’s ability to communicate effectively and engage with different stakeholder groups. Across the company, corporate communicators embed these messages in their ongoing communication with different stakeholders; an approach that Philips has termed ‘themed messaging’. In essence, the idea behind this approach is that it allows Philips to ‘manage’ the drivers that contribute to its corporate reputation with different stakeholder groups. By using this approach, corporate communicators aim to change public perception of the company from a traditional consumer electronics group into a diversified healthcare and lifestyle company with a more unified voice and more consistent image. The company tracks the contribution of its themed messages and communication campaigns on its corporate reputation.

Vertical and horizontal structures

The themed messaging approach and the continuous measurement of Philips corporate reputation reflect the company-wide importance that is attributed to the company’s reputation with different stakeholder groups. Reputation management is seen as wider than just the remit of corporate communication as it involves all of the business and many other functions (e.g., human resources, finance) that engage with stakeholders. The company has therefore formed a reputation committee with representatives from corporate communication and other key functions across the company and chaired by the CEO. The committee is responsible for overseeing the deployment of improvement actions in areas of the seven drivers of the company’s reputation (leadership in innovation, performance management, care for employees, quality products and services, leadership in sustainability, market orientation and strong communication) in which action is thought to make sense.

(Continued)
Corporate communication is organized as separate from marketing and is directed from the headquarters of the company in Amsterdam. Professionals in this global corporate communication department are responsible for company-wide reputation issues, measurement and the formulation and planning of corporate communication and stakeholder engagement programs. In the words of their former Vice-President of corporate communication, they had to ‘select a communication model that fits and supports the culture, strategy and configuration’ of Philips. The model that was adopted to organize communication involves an ‘orchestration’ model whereby individual ‘businesses participate in a global communications management system’. In other words, the global corporate communication department sets the themed messages for all corporate communication and supports local corporate communication functions in different regions (Europe–Middle East–Africa, North America, Latin America, and Asia Pacific) with their local communication to stakeholders. As the company explains, ‘we organized our internal and external communications around themes that served as a common reference point’ for communication with stakeholders across global and local levels of the company.

Hence, like most multinational corporations, Philips has a combination of a centralized ‘global’ corporate communication department at the corporate centre and decentralized ‘local’ communication departments, teams and professionals in business units around the world. The themed messaging approach is one way in which the company tries to ensure consistency in its corporate communication across the organization. Besides themed messaging, Philips has also introduced so-called process survey tools which document and standardize work processes across functions within the organization and allow professionals to improve upon their performance. Similarly, central processes in corporate communication such as media relations, employee communication, editorial calendar management, crisis communication and speeches management have also been documented and standardized. The decision to develop these process survey tools in corporate communication reflects the wider emphasis on standardization, optimization and measurement within the engineering culture of Philips. The result of having these tools is that certain key processes are documented and standardized in flow-charts and worksheets and specify a clear set of procedures and actions to professionals. For example, in media relations, the process survey tool tells a professional who else should be contacted in relation to a media inquiry and how to draft a press release. A further effect of these tools is that they allow professionals to adjust and optimize work processes and identify ‘best practices’ in corporate communication based upon their learning and feedback from stakeholders. In sum, these process survey tools have helped in making corporate communication processes more visible and consistent across the company and have strengthened the accountability of corporate communication in improving its performance and in delivering results.

QUESTIONS FOR REFLECTION

1. Describe the vertical and horizontal structuring of corporate communication within Philips. What can you say about the effectiveness of these structures in the light of the company’s brand positioning and its increased focus on managing its corporate reputation with different stakeholder groups?
2. To what extent do you think that process survey tools can be effectively used within corporate communication in other multinational corporations? Are these tools applicable to any type of multinational or instead does their effectiveness depend on characteristics of the corporation such as its size, strategy or culture?


CHAPTER SUMMARY

2.6 This chapter has discussed the historical development of communication in organizations, the emergence and significance of corporate communication and the ways in which communication is organized in contemporary corporate organizations. This discussion provides a context for understanding why corporate communication emerged and how it is useful for today’s organizations. The chapter also described the variety of factors or ‘drivers’ that triggered the emergence of corporate communication and continue to drive its widespread use within companies around the globe. Corporate communication has brought a more strategic and integrated perspective on managing communication for the benefit of the entire organization. To give this shape, many corporate organizations have consolidated communication activities into a single department with ready access to the executive decision-making team.

DISCUSSION QUESTIONS

1. What are the main benefits of integrating communication?
2. How important is the organizational structure in ensuring integration and avoiding a fragmentation in communication?

KEY TERMS

- Marketing
- Advertising
- Audience fragmentation
- Communication clutter
- Corporate communication
- Sponsorship
- Direct marketing
- Marketing public relations
- Markets
- Publicity
- Public relations
- Publics
- Sales promotions
- Team
INTRODUCTION

Council meeting  
Departmental arrangement  
Horizontal structure  
Process documentation  
Reporting relationship  
Vertical structure

FURTHER READING


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NOTES

8 Kotler and Mindak (1978), p. 17.