
Commentary: Seven steps to the board room seat - a communications performance management system developed by Germany's GPRA

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Public relations practitioners have long sought a seat at the management table. Many believe they will gain acceptance by being accountable. Unfortunately, they often do not think about what they actually need to be accountable for in order to be allowed to enter the board room. Public relations practitioners, too often, are focusing on carrying out communication measures successfully than on contributing to organisational success (Mercer 2003, Rolke 2003). They are trying to be efficient without effectively supporting business objectives. As a consequence, measurement and evaluation generate a huge amount of metrics that management is not really interested in. To gain a seat, public relations practitioners need to demonstrate their business impact, speak the language of management and to use appropriate tools.

As in other countries, the discussion on the accountability of public relations has been going on in Germany for many years. The two public relations associations GPRA, a club of leading consultancies, and DPRG, the peak professional organisation, moved the debate forward by setting up task forces about two years ago. Meanwhile, a number of academics and consultancies have introduced models to the German market that are suitable for both the management and measurement of organisational communication performance. The spectrum ranges from new performance ratio systems, multi-dimensional models and methods of reputation assessment to communication due diligence. The focus is on Balanced Scorecard-type approaches: Hering Schuppener, a consultancy, presented the first "Communications Scorecard" to the German market (Hering et al 2004), the influential academic Ansgar Zerfass developed a

"Corporate Communications Scorecard" widened by the socio-political responsibilities of organisations (Zerfass 2005), and GPRA focused on a pragmatic management model called "Communications Value System" to be used by member agencies.

These approaches share the same central idea: If public relations is to contribute to business success it has to start where corporate strategy is being defined. Whereas traditional methods of measurement and evaluation are directed towards the effects of public relations only, the new approaches focus on the business impact. They are aiming at demonstrating how communication contributes to profitability and shareholder value. Thus, the management system has to be the starting point for all public relations activities. Instead of "measurement and evaluation", the idea of "communications performance management" seems to be more appropriate and is emerging as a new discipline in Germany called "Kommunikations-Controlling".

The Balanced Scorecard (BSC) – a management tool that has widely been used in various areas of business administration in Germany since the late 1990s (Kaplan & Norton 1992) – seems to be an ideal model to use for corporate communications. As an integrated tool it takes into account different organisational perspectives (financial, customers, processes, knowledge and learning). As an extensive controlling system it provides a wide range of measurable performance indicators for the operative measurement – beyond financial indicators only. As a strategic management model it defines a process allowing the planning and execution of business strategy.

Public relations has to make use of existing management tools such as BSC and adapt them to its needs. These approaches can be introduced into the management process of corporate communications for strategic and operative planning as well as for evaluation. On the strategic level the tool can be used to ensure the cohesion between overall organisational and communication objectives. On the operational level communications scorecards ensure that single activities are linked to the communication objectives. That means these models might be used as tools for strategic management as well as for the management of communication programs. Also, the Balanced Scorecard-type approaches are not meant to replace the established measurement and evaluation methods, such as surveys, media analyses, image profiles, etc. Rather they offer planning and controlling frameworks that allow professional communicators to integrate and directly link their results to organisational objectives.

GPRA's "Communications Value System" (CVS) is motivated by practical considerations of PR consultancies and focuses on a pragmatic, non-scientific approach to the subject. It combines both management system and stakeholder model. A structured process enables professional communicators to both manage and control the contribution of communication to the organisational success.

For GPRA's task force the BSC was an interesting starting point – still, the idea was to develop a model that works with other management systems as well. The task force started by analysing available studies and reports and with researching tools, approaches and methods that had already been developed

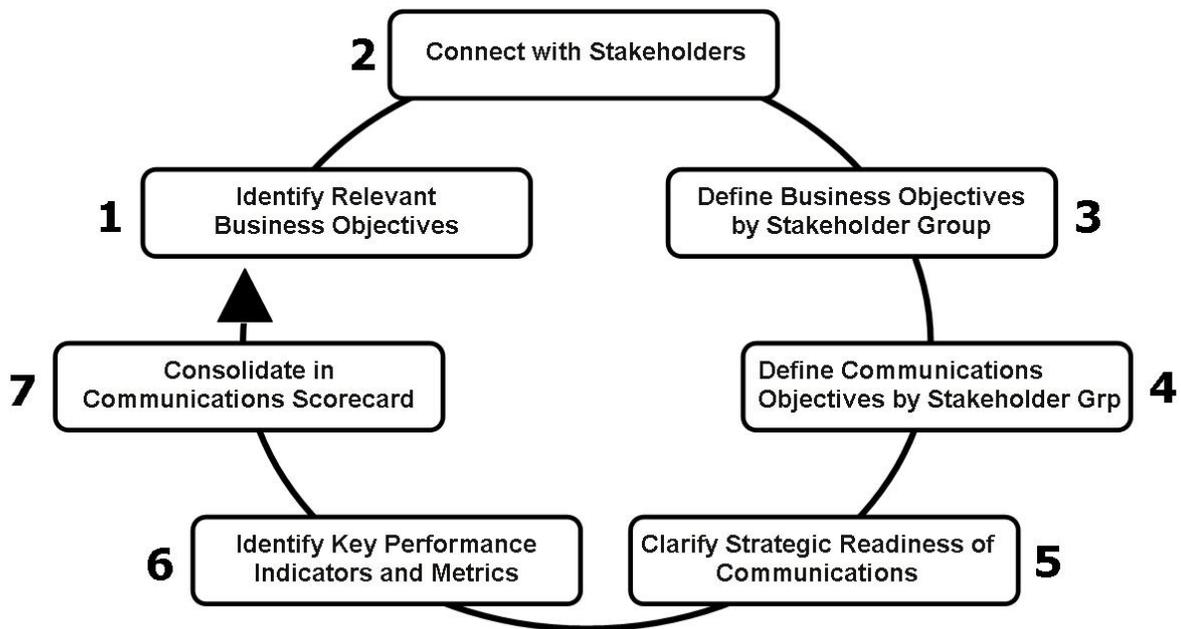
in Germany as well as in other countries. The idea was to find a role model that could be adopted. Many of the models, however, either seemed to be too academic or too much focused on evidence-based measurement rather than management (Lautenbach 2006).

When looking at the international discussion, the task force reviewed the Swedish "Return on Communications" project of 1996 (Johnsson 1996). Its concept of "Value Links" - introduced 10 years ago – has been very influential on the current German discussion. "Value Links" are a goal oriented, step-by-step process where communication performance measurements are linked with business relevant success factors. To give a simple example: The awareness of a company and its products to existing and potential customers is a prerequisite for customers' positive opinion (or brand position) about the company and its products, which leads to customer consideration (or inquiry share) and results in purchase behaviour (or market share). This process has proved to be very helpful for the planning and adjustment of public relations activities.

The shared basic understanding is that the true value of public relations is in building relationships and in influencing the attitudes and the behaviour of key stakeholders of an organisation. Public relations has a clear impact on an aligned corporate culture – leading to bottom line benefits such as employee retention, employee motivation and increased productivity. Value is being created by building up reputation, by cultivating trustful relationships with key stakeholders and by enhancing the organisational license to operate.

Chart 1: Communication Value System — Seven Steps

Communication Value System - Seven Steps



The “Communications Value System” offers a top-down planning process following seven steps. The starting point is the management system where an organisation’s financial and business objectives are to be found. The first step is to identify the objectives that need to be supported by public relations. In a second step the business objectives are connected with the organisation’s stakeholders. Each business objective is connected with each stakeholder group. In a third step the required results that are relevant and valuable to the organisation are to be agreed upon. Here the “Value Link” concept is being integrated in the process (What are the business objectives that are to be achieved with respect to each stakeholder group?). Following that in a fourth step the communication objectives have to be defined (In what way do stakeholder groups have to change their attitude or behaviour in order to support or achieve

the defined business objectives?). A fifth step is to define “strategic readiness” of the communications function, i.e. the supporting communication objectives (Do we need to change our process? Do we need to learn or develop something new in order to support the business objective?). In a sixth step measurable key performance indicators for all stakeholders have to be identified. Finally, in a seventh step the defined objectives and most relevant metrics are put together in a communications scorecard.

GPRA’s Communications Value System was launched to the German market in April 2006. In order to develop a case study and to demonstrate proof of concept CVS has been tested with a large German “Mittelstand” (medium-sized) company. The company – a market leader in engineering with a turnover of

more than 1.3 billion euro and more than 11,000 employees world-wide – has been using the Balanced Scorecard as the key management system. In line with an overall adjustment of corporate strategy the task was to develop a communications strategy that is directly focused on supporting key corporate objectives. Corporate communications was not only asked to get across the new corporate strategy but to interlock with the corporate management system and to actively support all business units in reaching their individual objectives. The process described above was carried out in a series of workshops with members of management as well as process owners. As a result, 13 out of an overall 20 objectives of the corporate BSC are being supported by corporate communications. All communications measures are focused on strategy. The company has a communication scorecard that makes communications both measurable and manageable. Corporate communications now follows the performance management cycle of the company. Several selected Key Performance Indicators are being used in the corporate plan. The CVS process as such proved to be of value as it gave all participants a new understanding of the importance for communications for the overall success. As for the management the value was in linking communication with business relevant success factors.

The influence on many business objectives might be shared with other value drivers – but by showing the impact on each stakeholder’s knowledge, attention, attitude or behaviour public relations is able to demonstrate its impact on reaching these objectives. The process helps to develop and demonstrate the “Value Links” between public relations activities and business results. By doing so, the CVS shows how public relations contributes to the overall organisational objectives. To sum up, CVS is a flexible tool that can be adapted to different organisational needs. It systematically links communications to corporate strategy by a top-down process. A bottom-up evaluation finally delivers performance indicators on different levels – from output to outflow.

Whichever model is chosen, it is imperative for professional communicators to work with a management system that enables them to have clear and measurable business objectives to relate to. These strategic management tools for communication have to be designed and adapted specifically to the needs of each company and in accordance with its specific objectives.

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