

PR IN AN AGE OF DISBELIEF

The importance of managing reputations through evidence-based communications

Not so long ago, the rise of Dubai was a popular narrative among the global media. Widely described as an oasis of tolerance and prosperity rising from the desert sands, the city's Guinness-book-style expansion piqued the attention of just about everyone, just about everywhere on earth.

Seven-star hotels! Indoor ski slopes! Man-made palm-shaped islands! A driverless metro! The world's tallest tower!

What a difference a year makes. In the midst of the global financial meltdown, the perceived fall of glitzy, glamorous Dubai proved an irresistible symbol of the price of excess to many, many foreign journalists.

The story of this city's supposed decline has now mostly run its course, and the media frenzy moved on to other more pressing topics – like swine flu and Paris Hilton's search for a new best friend. There was also, of course, an element of *schadenfreude* in the foreign reporting on Dubai: we fed the global media with one good-news story after another, but then that story got old. The media, quite simply, needed a new one.

This skewed reporting on Dubai is, of course, just one example of the herd mentality of the global press. And, in fairness, you can't blame the media for feeding our own bottomless appetite for hysterical stories about dead pop stars, deadly pandemics and collapsing cities.

The question to ask here is did public relations step up to the plate to counter this media feeding frenzy? Clearly, it is time for the PR industry to re-examine traditional models of communications and create new ones based on trust, dialogue, evidence and company purpose.

In the age of Twitter and citizen journalism, the news cycle has also become a lot shorter and the competition for a scoop, no matter how trivial, that much more intense. At the same time, amidst



widespread insolvency and high-profile scandal, trust in companies and institutions has reached a new low. Partly as a consequence, global sentiment is more strongly anti-establishment and anti-business than at any time since probably the Great Depression. Worldwide, trust in business and CEOs has hit new lows. Indeed, trust in the credibility of all sources of information has declined markedly – and that certainly includes the media.

The credibility of every source of information is now viewed with increasing scepticism. Unless information reaches people through three or four different sources, it is not seen as credible. It has thus become imperative to engage in dialogue with a range of stakeholders with different interests through multiple sources.

The role played by online and social media, in particular, has dramatically changed the way reputations are built and managed. Just one angry blog post or embarrassing YouTube video can undo in minutes a reputation built over many decades.

As a consequence, communi-

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cation must now be integrated and channels must be multiple. Companies need to do a lot more than just make announcements: they need to listen to all their stakeholders and engage in a sustained, transparent dialogue. Public relations has a vital role here in guiding companies through this uncertain period by focusing on common interests of companies and stakeholders, including the general community.

In the midst of today's downturn, companies need to be more transparent with customers, regulators, shareholders, rating agencies – and their own employees. These stakeholders need fact-based evidence that companies take seriously their commitments, including when it comes to corporate governance. Doing that, it just so happens, also makes good business sense.

Numerous studies have shown that investors are willing to pay a premium for companies with high standards of corporate governance. Indeed, investors generally say that they put corporate governance on par with financial performance when making in-

vestment decisions. That said, it isn't easy to convince clients of the need to open up. And it is especially challenging here in the Gulf, where, for cultural and historical reasons, companies have long been averse to admitting any kind of shortcoming.

But PR consultancies still have to serve as honest brokers, telling our clients sometimes uncomfortable truths and challenging them if they are inclined to reject best practice. This is particularly critical for listed firms, which need to meet a special set of obligations to their shareholders, regulators and the press.

Opening up one's books for public inspection is part of that process – but it's not the whole story. Transparency alone is not enough: we are entering a period where communicating company responsibility and purpose has never been more critical.

More than two decades after Gordon Gekko famously declared that "greed is good" it is no longer acceptable for any company, anywhere on earth, to say that it is solely focused on maximising shareholder profitability. GE Chairman Jeff Immelt said recently that "when we come out of this fog, this notion that companies need to stand for something – that they need to be accountable for more than just the money they earn – is going to be profound".

Immelt is exactly right: firms must assess and then communicate their larger purpose. In the broadest terms, why are they in business and what do they want to achieve?

This is not just about corporate social responsibility. It's not simply feel-good PR. Embracing good governance and company purpose is a sound business strategy – and it is critical to restoring trust and rebuilding reputations.

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