

# REPUTATION

## INSIDE

### COMMENT 02

Women on the board  
The risks of big data  
Election messages

### IN THEIR OWN WORDS 03

Don Robert of Experian on  
governance and reputation

### RESEARCH FOCUS 04

Online influencers

### THE BIG INTERVIEW 06

Ahmet Uzumcu – the OPCW  
after the Nobel Peace Prize

### SPECIAL REPORT 10

The 2014 Corporate Affairs Academy

### NEWS & EVENTS 12

## CASE STUDY 08

The transformation of  
the Vatican Museums

# COMMENT

## BOARD SHIFT

"Male-heavy boards breed scandal" – so read the recent headline in the *Financial Times*. "Public companies with more women on their boards are less likely to be hit by scandals such as bribery, fraud or shareholder battles." The story came out of a report by research company MSCI, and on the back of other research that shows that boards with better-than-average female representation score better on environmental, social and governance risk. The suggestion is not that women are more ethical than their male colleagues. It is rather that companies concerned about managing extra-financial risks are more likely to have greater female representation than is the norm. The inevitable corollary is that there is now some expectation that all-male boards may be inclined to behave badly.

Much has changed in this area in recent years: the 2015 update of the Davies Report, "Women on Boards", shows a near doubling of female representation from 12.5 per cent to 23.5 per cent since 2011; not far off the 30 per cent sought by Helena Morrissey, CEO of Newton Investment Management, and founder of the 30% Club. Lady Barbara Judge, a Visiting Fellow at our Centre and the first female Chair of the Institute of Directors (see p12) said recently that although she doesn't like quotas in principle, she is inclined to "kick the ball" to achieve better representation. To complicate matters further, research recently from Cambridge University focuses on the societal factors that don't just get women onto boards, but *keep* them there: such as the presence of women in positions of political power and whether gender features in firms' governance policies.

The reputational implications are more

straightforward, however: the original MSCI story reflects the growing potential of a reputational dividend among investors for those companies who have their antennae attuned to a broad range of related societal expectations. The degree of female representation is just one – currently particularly salient – element. ■

## REMEMBER THE DATA

What price privacy? In the UK, a recent series of investigations by the *Daily Mail* have highlighted how a growing band of chancers make money by selling our personal data to others of a similarly opportunistic inclination. Such tabloid exposes give an unappealing human face to what can otherwise remain a rather abstract concept. In the US, in the light of delivery company Uber's perceived carelessness with data privacy, our International Research Fellow Brayden King recently called in the *New York Times* for "information fiduciaries" to oversee data policies and the creation of new laws: "Reputational penalties have not been sufficient incentives to encourage more responsible use of data."

Google has long been under fire in Europe over privacy, the right to be forgotten, and anti-trust issues. In February the company, which can often come across as both detached and combative, announced a major reorganisation of its European business. Reorganisation is often used as a pro-active way of signalling fundamental change, and it remains to be seen how this will serve Google in reframing



its relationship with the EU authorities. As Don Robert makes clear on the page opposite, the sensitivities around personal data and privacy are supercharged: they require companies to build structures and mechanisms that are robust, nimble and proactive.

Academic speculation about the future implications of big data throws fuel on the flames: for every increase in capability, there is a matching increase in risk. *Big Data* (by Kenneth Cukier and Viktor Mayer-Schonberger) asserts both that policies on consent for data usage are woefully out of date, and that it is cheaper for companies to buy new capacity than to track down and erase personal information across today's global maze of interconnected servers. How businesses convince their customers (and regulators) that they have their best interests at heart, and can protect those interests, will require a greater degree of focus than ever, and expertise in the signals that they send out. ■

## VOTE WINNER

In the throes of a UK General Election, the behaviour of the main parties does not bode well so far for those who believe in the ability to transform perceptions through communication. Confronted by fragmentation in the political landscape, the parties have retreated into their shells and are working to bolster their core audiences, seemingly giving up the kind of ambitious bridge building practised in the past by the likes of Tony Blair. Or maybe they are spreading more inclusive messages through other channels, such as online 'influencers' (see pages 4-5). Is there something you want to tell us about lipstick and the deficit, Zoella? ■



Our Visiting Fellow **Don Robert**, former CEO and now Chairman of global information services company Experian, on how good governance relates to reputations.



## IN THEIR OWN WORDS

### IS REPUTATION SOMETHING YOUR EXECUTIVE TEAM THINKS ABOUT ON A DAILY BASIS?

It's not something that is front and centre on agendas of meetings and strategic planning, but it guides a lot of our actions, and responses and investments.

### DO YOU TAILOR YOUR COMMUNICATIONS FOR A VARIETY OF AUDIENCES?

A company has many reputations for different things with different constituencies. The chief executive probably has one reputation with employees, another with investors, another with vendors, with clients, and yet another one with his own board.

### HOW DO YOU COMMUNICATE GOOD GOVERNANCE IN THE BOARDROOM?

There are some pretty rigid guidelines for UK public companies – in our annual report you'll see a massive amount of detail on governance and independence.

### DON'T THOSE CODES MAKE COMPANIES SEEM IDENTICAL?

If you try too hard with investors, you're going to look guilty; when the quality of your governance is really manifested is usually when there's some sort of a high profile event, probably negative, or something routine.

### HOW DO YOU DEAL WITH POTENTIAL THREATS TO STAKEHOLDER TRUST?

Trust is very high on our agenda because we view ourselves as being a guardian of the public trust, responsible for the security and accuracy of extremely sensitive information. There is preventative action and reactive steps. On the preventative side it's investment in everything from physical security to information security to penetration testing and training

and awareness; procedures for crisis management and drills around that. When something negative does happen, it's all in the reaction. It's what you say and how you say it and who's appointed to speak – if there's the slightest hint of any kind of information breach at Experian, that goes straight to the CEO.

### WHAT ABOUT BROADER SUSPICIONS AROUND PRIVATE INFORMATION?

The bigger and more successful we get, the more public we get in our communications. We pay a lot of attention to where the vulnerabilities are outside our own business, whether in the court of public opinion or legislative focus or consumer concerns.

### DO YOU THINK YOUR FIRM'S REPUTATIONS LEAD TO POSITIVE FINANCIAL PERFORMANCE?

Reputations are fragile, fleeting, dynamic: a result of our financial performance, how we choose to communicate, what consumers think about us as a guardian of their information, how our employees behave, what third parties say about us in the media. We give regular reports to our audit committee on how sentiment is running in the media. It's all part of our risk profile.

### GIVEN THIS COMPLEXITY, HOW DO YOU ORGANISE YOUR PR AGENDA?

I have consolidated all of our communications activities under a single expert – investor relations, media relations, internal comms, everything except the legislative regulatory agenda – who reports to me. The main thing is that everybody is singing off the same song sheet no matter who the audience is. And we have a global internal communications council which both sets the agenda and is kept abreast of all of

the fast-moving issues in all of those places. And then finally we use a lot of external advisors to help us as well. We also do a lot of Armageddon-type scenario development within our risk management function.

### DO YOU FEEL AT THE MERCY OF HOW MEDIA INTERPRETS MESSAGES?

You can influence that. It has to do with how you shape the messages. On the days we report results, we will have two full rehearsals and working sessions with about seven or eight external advisors around the table. And we prepare the people who are going to participate in subsequent media activities with Q&A sheets and key media messages. The governance and communications structure have a lot of interdependencies.

### CAN DATA ANALYTICS MEASURE HOW MEDIA COVERAGE INFLUENCES SHARE PRICE?

We're on top of it in a big way, hourly, but there's no way to really measure it. When we announced our [2014] results and top line growth had slowed very slightly, it wasn't considered any kind of a miss to guidance, but it was a slight slowing; combine that with a couple of pricey acquisitions, and a pause in our share buyback – previously announced – and these two deals put us slightly above targeted leverage range. [It] caused the share price to go down by about six per cent. Was it media, was it the sell side, was it the buy side? In actuality, it was immediate selling by hedge funds, before the media ever got a chance to put anything out on the wire. The next 24-hour or 48-hour period shapes a longer term reputation for the company that may or may not give you the benefit of the doubt. ■

*Don Robert was talking to our International Research Fellow Professor Scott Graffin. Parts of this interview were used in the December 2014 issue of Academy of Management Journal.*

# RESEARCH FOCUS: ONLINE INFLUENCERS

Companies seeking to exploit the marketing potential of the internet are forming alliances with self-appointed consumer bloggers and vloggers (video bloggers) – so-called “influencers”. But what are the rules of engagement? *eni* Research Associate **Gillian Brooks** explores the implications.

Using intermediaries on social media to create buzz around a product or brand is becoming more and more widespread. Traditional notions of marketing are transitioning as major companies begin to partner with these online influencers to endorse their products.

The benefit of working with these influencers – many of whom are very well known in their chosen sphere and garner a significant audience, built through engagement on Twitter, Facebook, Instagram and their YouTube channels – is co-opting the trust and authenticity within the existing relationships. The extent to which there might be downsides, such as reputational risk, is less well understood. Can companies expect to remain detached from what are often de facto spokespeople; and can influencers maintain that they are independent and credible?

The use of influencers, or “opinion leaders” as some refer to them, is not an entirely new concept. Sociologist Paul Lazarsfeld conducted a seminal study in 1948 to discover how undecided voters voted on Election Day. The study was called “The People’s Choice” and his results illustrated that during election campaigns, undecided voters often choose who they vote for based not on traditional political advertisements, but according to whom the opinion leader in their community has decided to vote for. These opinion leaders are not elected individuals, but are often people within a specific community – be it a corporate organization, a church community or a social group – who have perceived credibility on

a given subject. As a result they become a trusted resource for an individual seeking advice or guidance. Even if the opinion leader is not a political expert and may not be a relevant source for discussing the candidate’s campaign platform, they are a perceived expert in an environment which resonates with the undecided voter. The undecided voter is more inclined to trust the opinion leader as a result of the perceived affinities they have with him.

Lazarsfeld relied on the results of his study to create what scholars refer to as the “two-step flow of communication” model. The central premise is that mass media messaging is disseminated first from opinion leaders and then to the wider public. The phenomenon

**“IF IT’S GOING TO BE  
NEGATIVE, I’LL REACH  
OUT TO YOU GUYS AND  
YOU CAN DECIDE WHETHER  
YOU WANT ME TO OMIT IT.”**

finds new resonance in the online environment. Given the proliferation of online communities, consumers are being directly targeted by online influencers. While offline marketing practices resemble a megaphone broadcasting the company’s product offering, online marketing strategies quietly align those companies with consumers through already trusted intermediaries.

Targeted influencer marketing contributes

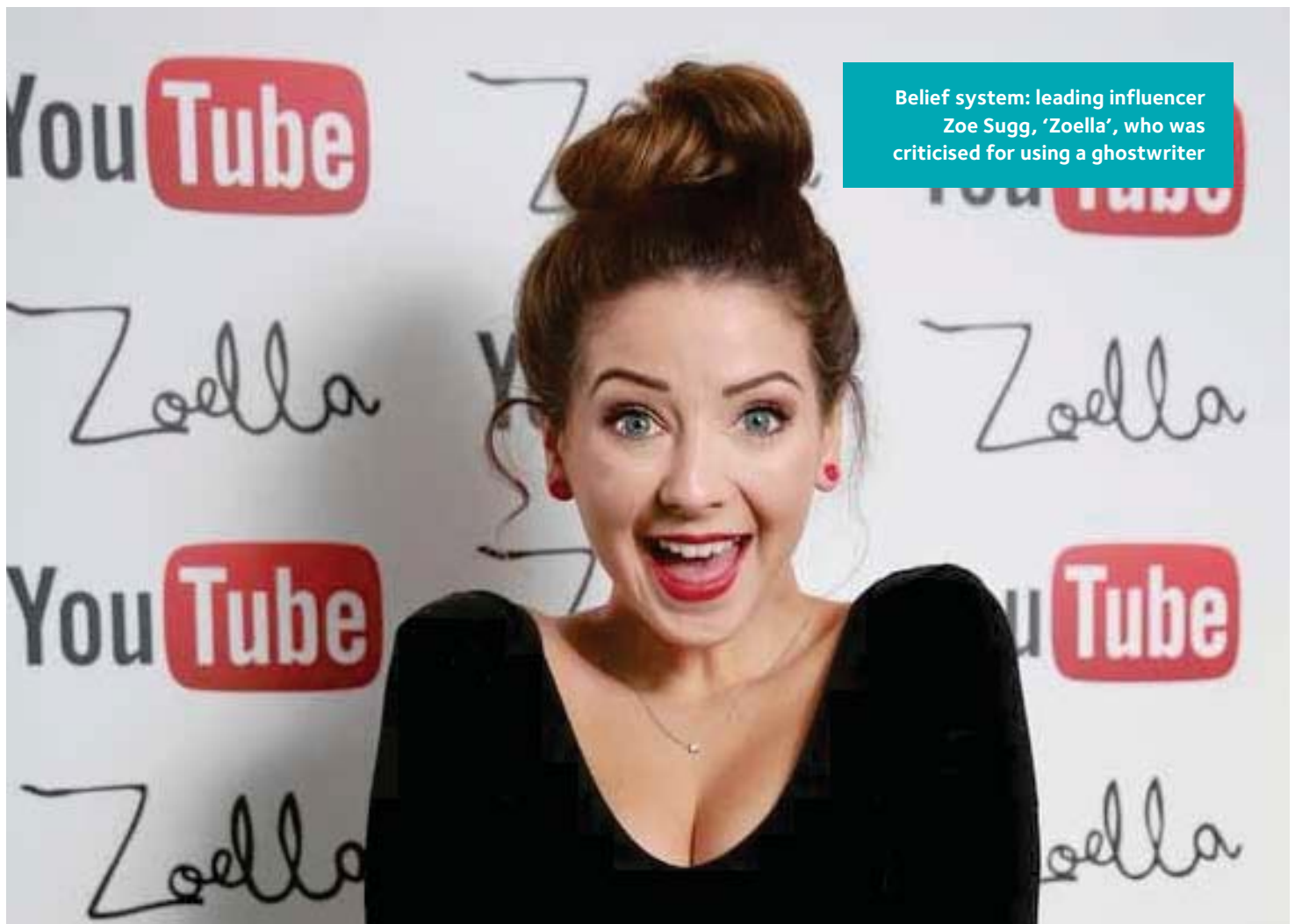
significant revenue for companies that use it well. I am currently conducting research with Mikolaj Piskorski at IMD Business School to determine how these influencers are created, how companies can interact with them to best effect and how they are changing the current marketing model.

Many of the most prominent influencers are managed by talent agents in Los Angeles and New York, with contracts that define the parameters of their contributions: the frequency, the products, where endorsements appear, degree of exclusivity, whether scripted or not, and so on.

While influencers maintain their credibility within the community by filming their videos in a way that resonates with their online audience – for example, in their bedroom – the company overseeing the “campaign” has to trust that the influencer represents its product as a credible personal recommendation. It needs to seem organic in order for the video to succeed.

That credibility is under scrutiny. In the UK, the Advertising Standards Authority last year issued a warning to the sector, citing five recent instances where, it said, vloggers had broken the law. Earlier this year, high profile online influencer Zoe Sugg (“Zoella”), known for her YouTube makeup tutorials, received online abuse from her fans when they found out she had used a ghostwriter for her first book, *Girl Online*.

In an interview with *The Guardian*, Sugg offered her defence: “For the doubters out there, of course I was going to have help from Penguin’s editorial team in telling my story, which I talked



**Belief system: leading influencer**  
Zoe Sugg, 'Zoella', who was criticised for using a ghostwriter

about from the beginning.” Criticism of Sugg focused on the fact that she did not explicitly acknowledge assistance. Despite the minor fracas, at the end of last year, *Girl Online* was the fastest-selling book of 2014.

Many of the online influencers we have interviewed say they have had to defend themselves against critics who claim that

**“YOU’VE GOT TO BE OK WITH LETTING GO. IF YOU’RE NOT OK, GET AN ACTOR... THE TRUSTED FRIEND IS WHAT YOU NEED.”**

their videos and blogs are merely glorified versions of Web 2.0 product placement. But by their account, all contracts with companies are agreed upon only if they themselves support the product.

As one prominent female influencer put it: “Cosmetic brands would reach out and offer to send me free product if I would integrate it into my videos and I was, like, this 15-year-old girl... like, ‘What? There’s someone who wants



to give me free stuff? Heck, yeah!’ ...[But] from the very first one I said, ‘I can’t guarantee that I will post it in a video if I don’t genuinely enjoy it. I will only say my honest opinion. If it’s going to be negative I’ll reach out to you guys and you can decide whether you just want me to omit it from the video, not talk about it, or if you’re fine with me giving an honest review.’”

From the company’s perspective, a new attitude is demanded. As the corporate communications director of a global consumer products company put it: “You’ve got to be okay with letting go... If you’re not okay, then use an actor. Well, that’s not going to work, you know, this authenticity that you need to create, this trusted friend is what you need.” But when

there are contracts and scripts involved, how does that relationship and control change, and does your semi-detached spokesperson then lay you open to the risk that you damage the brand, or worse? “Today, you have to be very comfortable and have to accept there is a principle of influencer strategy that you don’t control the transfer of content; that our goal is to create content that we think and believe is appealing to influencers, and then feel comfortable that they use that content in a way that is unaffected.”

Companies seem on the whole to consider any risk in these transactions worthwhile to have “under the wire” access to important demographic groups that might otherwise be difficult to engage with. Meanwhile, the influencers’ interests are not focused on the success of the product, but on the growth of their personal brand. In different ways, both parties are aligned with but not embedded in the other’s potential success or failure, and this represents a fascinating and challenging new paradigm. ■

*Gillian Brooks is the eni Research Associate at the Centre for Corporate Reputation. Her research focuses on reputation emergence, formation and strategy.*

# THE BIG INTERVIEW: AHMET UZUMCU

Winning the Nobel Peace Prize transformed the profile of the Organisation for the Prohibition of Chemical Weapons. Now its Director-General, **Ahmet Uzumcu**, must redefine its purpose; how does he do that without alienating international stakeholders or impacting on its reputation?

Given that the organisation he oversees has nearly completed successful disposal of Syria's chemical weapons stockpile, and was awarded the Nobel Peace Prize in 2013, Ahmet Uzumcu, Director-General of the Organisation for the Prohibition of Chemical Weapons (OPCW), could be forgiven for basking in past glories.

Instead, when I travel to the OPCW offices in The Hague, I find the former diplomat – whose distinguished career includes serving as Turkey's Ambassador to Israel and Permanent Representative to NATO – wrestling with considerable challenges that are, if anything, intensified by the scale of the OPCW's success. The organisation's past reputation is assured, but what of its future? "When there is recognition, expectations also become higher. That's good for the organisation, but it's also a challenge," he says.

Managing expectations isn't the half of it, however. With around 87 per cent of the world's chemical weapons stockpiles destroyed, and the rest of known stockpiles scheduled for destruction by 2023, the OPCW is seeking to reorientate itself: evolving from its primary role as the monitor and destroyer of chemical weapons to becoming the partner of science and industry, educator of nations and peoples; to become, across a broad spectrum, the agent of prevention.

So how do you repurpose an organisation, maintain the connections and reputational credit of your previous successes, and avoid undermining your relationship with your stakeholders and the perceptions of third parties? It is something many organisations and businesses have to deal with, although not with the OPCW's unique structure: being answerable to the 190 "states parties" that are the signatories to the 1997 Chemical Weapons Convention (CWC) out of which the organisation was born.

Managing perceptions is one essential requirement, and one that Uzumcu identified early on in his tenure; in fact, in his job application. The OPCW "was one of the most successful organisations dealing with disarmament," he says, "[but] this organisation was poorly known: poorly known by the international community and media, even by the disarmament communities."

He made the case that "we needed more public diplomacy to promote the organisation, to make it better known, not for the sake of taking credit, but also for the sake of promoting effective multilateralism... I thought [it] should be better known as a good model for others. I thought that it would help us to raise awareness in capitals and to sensitise the decision makers."

## "REPUTATION RISK DOES NOT ONLY DEPEND ON PERFORMANCE, IT DEPENDS ON HOW IT IS PERCEIVED."

That initiative turns out to have been extremely prescient: for the success of the organisation's current evolution, the clarity of intent and the preparedness and understanding of the networks on which the OPCW depends is vital. Reinvigorating the networks meant both bolstering existing connections and developing new ones: "Even before the Nobel Peace Prize, we developed a public diplomacy strategy. I tried to reach out to media, to academic institutions and think tanks."

The scientific community and the chemical industry had been involved in the fashioning of the Convention, but since then "this cooperation has not been regular, steady and

structured, so since I arrived we have been trying to develop [it] further." Initiatives under consideration combine functional intent with deeper resonance: such as developing "a code of conduct for chemistry scientists, like the Hippocratic Oath".

The desire to engage more directly with the public through education, such as the recent centenary of the first use of chemical weapons at Leper in Belgium, is more than just consciousness raising: social media may become an important tool in monitoring chemicals production locally, as it was in Syria. "Our public profile clearly did help us to receive more information through social media," says Uzumcu.

Some new networks are more problematic, such as reaching out to NGOs: "NGOs were not allowed to speak at our annual conferences," explains Uzumcu, "because of some sensitivities on the part of certain member states: in Geneva in the Human Rights Council, the NGOs do speak and they are critical of member countries." In fact, he feels that NGOs have played an important role in disarmament, citing the work done in the 1980s when the Iraqi regime used chemical weapons: "Civil society did use this to pressure the negotiating countries to conclude the Convention as early as possible". Now the OPCW is working proactively with NGOs "to sensitise" certain countries: both those without the necessary institutions in place, and the six countries that are still not states parties: Israel, Egypt, Angola, Myanmar, South Sudan and North Korea.

Risk is never far away. There is the health and safety risk, of course, and the organisation's record here is excellent. However, "One of the most important risks is reputation risk," says Uzumcu. "It doesn't only depend on performance, it depends on how it's perceived. So we want to make sure that we are perceived as we perform, and for us it's very important that we





are credible and we are seen as independent, impartial, neutral." Being "seen as not serving the interests of the whole membership, but rather going one direction, that's very bad. You may not do it, but you shouldn't be seen as doing it. Therefore one of our priorities has always been to keep equidistance with our states parties." In the pursuit of this equilibrium, transparency is vital: making sure to share all information equally, and avoiding surprises: "There's a risk that surprises favour one [states party] rather than another, so it's always better to prepare the ground." The measure of success then is finding compromises without ending up with lowest common denominator. "Our goal is to set the bar a little higher, if possible."

Managing the organisation's transition was something Uzumcu had anticipated when he took up the role in 2010. It was already clear that existing weapons stockpiles would be dealt with in the not-too-long term. "So I said, well, what's going to happen then? And I couldn't get a clear answer." He established an independent Advisory Panel, which began the process of identifying new priorities on a much broader front, for the better global management of toxic chemicals; improved tools for risk assessment; and which identified that the "new priorities will require institutional change and managerial adaptation". In 2014 the OPCW published a five-year Medium-Term Plan (MTP).

The wider priority now is to prevent the re-emergence of chemical weapons "by state or

non-state actors". Terrorism presents a new challenge on a scale that the Convention did not foresee. The threat requires a new multi-level approach that must be "owned" by the countries themselves: inter-agency; inter-country; and inter-regional. With that complexity, and limited resources, Uzumcu is leveraging the states parties network in a new way, towards

## **"CHANGE IS QUITE SCARY, BUT IT'S ALSO AN OPPORTUNITY. THAT'S THE MESSAGE I'M TRYING TO CONVEY."**

mutual reinforcement in local hubs ("regional centres") – there is a parallel in business where manufacturers create "virtuous" networks of suppliers who reinforce one another's quality and back one another's reputation. "We know that if something happens [it] will be the same countries in the region which will have to help each other," says Uzumcu.

Internally, the OPCW transformation has to be equally carefully managed. The MTP foresees not only the change of focus but also becoming a more nimble organisation. The constitution of the organisation creates its own challenges. For instance, the contracts for technical staff have previously been limited to a maximum

of seven years. That meant that expertise could pass through and out of the organisation – particularly as on-the-ground operations become less frequent. Shortly after the award of the Nobel Prize, Uzumcu pushed for funding for a new ERP knowledge management system. The prize, too, "gave a considerable morale boost to our experts who were deployed in Syria, and who were operating in very challenging circumstances". The inspectors, all volunteers, "were ready to go back". Now, as an additional boost, he has secured the right to rehire some of them after their initial seven years.

As the Syria mission draws to a close, Uzumcu must address broader issues of purpose and morale within the organisation as it downsizes. "The internal reputation is very important," says Uzumcu. "We want to use our existing staff, reassign them to new tasks, and provide training." The OPCW has just completed a "Vision Paper" aimed at providing "a conceptual framework... The main purpose of the organisation has to be in place and clear," says Uzumcu. "If it's not and if there's not a general shape, then there's a risk."

Relevance and credibility are key: "Credibility depends a lot on what has been achieved; but relevance is for the future." He characterises his approach as both "hands-on" and "bottom-up and top-down": "I try to work closely with directors but also with the rest of the staff, so I encourage my directors to have frequent exchanges with their own staff. I prefer to have a participatory approach and collective decision making."

With the Syria project he has worked directly with the OPCW task force. It was in unknown territory: the scenario of being deployed in a conflict zone had not been foreseen and required constant real-time innovation. His aim is to leverage that dynamic capability and commitment. He is conscious that it won't be easy: "Going back to routine, may affect the morale too." Complacency is a major risk, both for the organisation and its stakeholders. "There's always room for improvement," he says.

"Change is quite scary, but it's also an opportunity. That's the message I'm trying to convey: we will help you to develop new skills and you will have a better job." Leadership and consultation work hand in hand: "Ownership is important. I keep this as a major principle. In many countries, like Japan, the ownership of institutions in the private sector did help growth and the success of the economy. In international organisations I think that this is also important."

With 480 staff from 80 different countries, with a variety of cultures, professional backgrounds and roles, the scale of the challenge is clear. Managing the narratives and the networks they move between is a job for a consummate diplomat. It is fortunate for the OPCW that it has one. ■

The Vatican Museums are one of the world's most popular and iconic cultural attractions. In 2013 they received 5,459,000 visitors – the fifth most visited such institution in the world. Under pressure from such numbers, in 2007 the Museums faced a number of challenges: improving the visitor experience; reducing unauthorised access and guiding; halting the deterioration of the artworks; and addressing staff dissatisfaction. How could staff be persuaded that change was possible and then be mobilised to drive it forward? How could those outside the organisation be persuaded to engage in new partnerships that could change perceptions and drive progress?

# CASE STUDY: THE TRANSFORMATION OF THE VATICAN MUSEUMS

## New leadership

In 2007, a new Director was appointed: Professor Antonio Paolucci, previously a Director of the Uffizi Gallery in Florence and a Minister of Culture (1995–96) in the Italian government. His appointment drew widespread comment in the mainstream and arts media. Monsignor Paolo Nicolini, a priest who had joined the Museums in 2007, was promoted to Administrative Director in 2009. It was immediately clear to the new bosses that fundamental change was needed. Internally, working practices and organisational structures were unsatisfactory. Externally, the perception of tour operators and media was of “non-communication” – in the words of one tour operator. The Museums’ place in the global cultural community was also being neglected.

As Msgr Nicolini put it: “We wanted to open the Museums to the world and the world to the Museums.”

## Reorganisation – structures, governance and values

Addressing the inadequate internal structures within the Museums was a priority. On the artistic/scientific side, the new structure included a new role of Deputy Director overseeing both the individual curators of galleries (each now with their own assistant), and a newly defined strand of the organisations – the restoration laboratories. In each of these, there was now a distinct structure and chain of command. For the laboratories, this formal recognition was powerfully symbolic.

The administrative side of the Museums was lacking several functions:

- There was no HR department. There was a personnel office, but it dealt principally with attendance records.

- There was a press office, but there were no communications specialists. It issued occasional press releases, but had no wider engagement.
- There was no dedicated office to develop and promote special events.
- There were no offices responsible for the website, IT or publications.

On a broader front, there was no strategic vision to keep pace with the demands of the tourist market. A new group of managers and staff capable of rising to the new challenges were needed. Since the Museums are an entity within the Vatican, making people redundant “was not a possibility”; Msgr Nicolini had to make best use of available staff. This meant both talent spotting and persuading those reluctant to move that, in his words, “this is the right thing for them, not just for me”.

There were numerous renovation projects and reorganisations. One notable instance was the relocation of curators within one block of offices, with their assistants relocated to the floor above. Colleagues on the artistic/scientific side were encouraged to work on projects with other departments – “Something that had never happened before,” according to Umberto Utro, Curator of the Museum of Early Christian Art.

Orietta Robino was brought across from the Governatorate, initially as the head of a new Events Office. Previously, events had been organised in an ad hoc way. As she explained: “The different sections were all organised like families. There wasn’t the mentality of working together.” Msgr Nicolini subsequently appointed her to head up a new HR office. “He was motivated by the fact that the Events Office had been able to create an internal relationship.”

Signalling the modernisation programme effectively to the outside world, as well as its own internal stakeholders, was a key element of the

transformation; improving the website was a vital component. One of Msgr Nicolini’s early recruits in 2009 was Rosangela Mancusi, previously PA to the Press Officer of the Holy See. She was initially brought in as Nicolini’s assistant, and was then charged with transforming the website, which was in the same form “as it was [when] launched 15 years ago”, according to Mancusi: “It was a very static reality, with no updating. It was just a book on the collection, and the most useful services offered by the Vatican Museums... but no evidence of what was going on.”

The website office fulfilled the new media function of a press office to some degree: “We are in the Vatican. We don’t need to call for attention. Everybody is looking at us,” said Mancusi. The new website also included the transformational capability for visitors to book tickets online (see below).

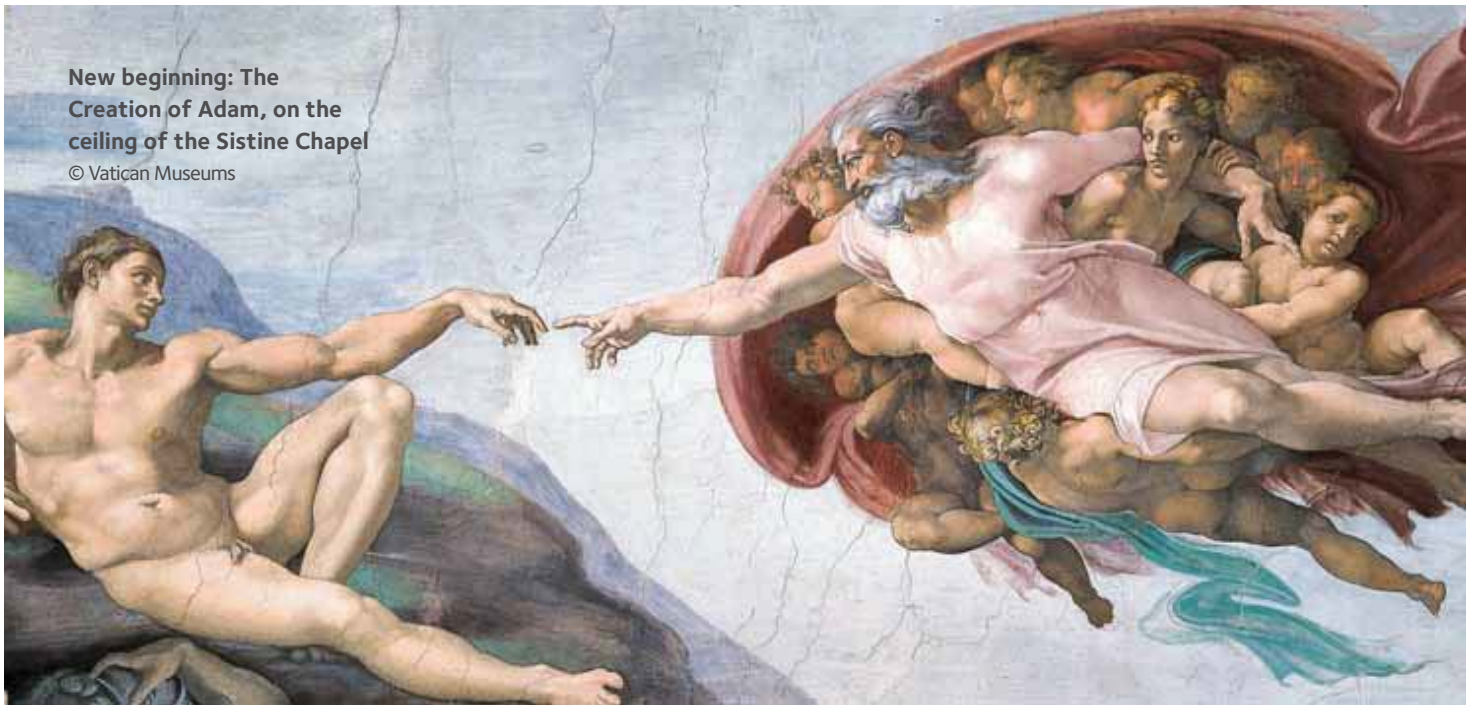
## The visitor experience – public perceptions

A key plank of the programme of reorganisation was the transformation of the visitor experience. Tickets were available in person at the time of visiting only and the Museums closed at either 3,45 pm or 4,45 pm, according to the season, with early closing on Saturday (with, in addition, numerous variations). The queues were legendarily awful, which also led to informal and unauthorised entry arrangements. In 2007 tickets were still officially being sold through a single mechanism: the physical ticket office at the entrance. Tour operators could reserve tickets – by fax – but they had to join the queue with everyone else to collect them. Opening times were changed to 8am – 6pm, Monday to Saturday, saving some exceptions such as Christmas. Next, a process for computerising the ticketing system and making it available online was instituted. This was a huge challenge to some of the staff, particularly some



## New beginning: The Creation of Adam, on the ceiling of the Sistine Chapel

© Vatican Museums



of the older ones who had never worked on a computer before. By 2013, over a million tickets were sold through that channel.

Another ideological aspect of the “Pope’s Museums” that contributed to visitor congestion was, in Msgr Nicolini’s words, that “no one could be turned away”, so that a more sophisticated means of channelling visitors had to be devised. With more than 20,000 visitors a day in peak season, this was particularly challenging. A system of cameras was introduced through all the corridors, monitored from a central office. The signage was improved, in tandem with the introduction of a number of different itineraries that were aimed at introducing visitors to lesser known areas of the Museums. The number of available tours was increased year on year to the current 25 or so on offer, including a particular focus on disabled tours and religious themes.

To combat the serious problem of unauthorised guides, an official accreditation scheme was introduced. In 2010, the Museums announced that from the beginning of the following year all tour guides with groups of more than 11 must communicate with their groups using microphones and headsets, in order to reduce noise and inconvenience to other visitors.

## The tour operators – perceptions from business

In 2007 there were two offices that processed bookings for outside agencies. Operators simply faxed in their booking requirements and were sent an acknowledgement, picking up their tickets when they came to the Museums.

A single new office was therefore created, the Office for Public Services and Public Relations,

combining the former two. City Wonders, a specialist in activities for city break travellers, began working with the Vatican in 2007.

At that point, the Vatican Museums simply offered a standard tour. Beyond the booking of tours, and maintaining an account, according to CEO Simone Gozzi: “When we started, we had almost no contact with the Museums.”

The Vatican Museums set about identifying its most important suppliers, and engaging with them. As the ticketing system went online, an account system for approved tour operators was set up, whereby the tour operators maintained a level of funds, ordered tickets, had payments deducted, and vouchers issued. City Wonders was also made a privileged partner, initially with two other companies, Trafalgar and Carrani. “It made the relationship and the strategy tighter,” said Gozzi. “There is a new level of commitment.” By the beginning of 2013 there were 287 accredited tour companies on the scheme.

## New connections – cultural engagement

Since the arrival of Professor Paolucci, the Vatican Museums has broken the mould on numerous projects. One of the most high profile external events was in 2013 when, for the first time ever, the Museums were involved in the setting up of a pavilion at the Venice Biennale, one of the world’s most high profile showcases for contemporary art, first staged in 1895. Press coverage of the “Uncreation Pavilion” emphasised both the willingness of the Vatican to participate – “admiration at the Vatican’s willingness to engage with the art world” (*The Guardian*) –

and the fact that the artists had been free to work without interference.

The relationship with the media was transformed in a number of ways. “The arrival of Paolucci was a sign that change would happen,” according to Costanza Esclapon, Director of External Relations at RAI, Italy’s largest broadcaster. Msgr Nicolini’s approach was characteristically innovative: “Why do I have to pay for publicity? The best way is to come to an agreement. You give me something, I give you something.”

When he “inherited” a certain number of full page ads in the Italian national press, instead of simply advertising the Museums, he ran large photographs of four of the most recent restoration projects, highlighting the importance of the work, and its social impact, in providing work for restorers.

According to Costanza Esclapon, the Museums are “probably the most modern” of the cultural institutions that RAI deals with. They “are very entrepreneurial... probably the only museum that has this way of dealing: as a brand company. Even if they don’t want to sell you anything, they will keep you updated. They are very transparent.” One notable product of this partnership has been a series of segments about unusual exhibits at the Museums, which is run during the leading daytime show, RAI 1’s *La Vita In Diretta*. After the success of the first four segments, with respectable viewing figures at 1.3 – 1.6 million – or around 12 per cent of total audience share – the channel proposed running 25 more.. ■

*The complete case study will be available at [www.sbs.oxford.edu/reputation\\_under\\_Research](http://www.sbs.oxford.edu/reputation_under_Research).*

The Corporate Affairs Academy (CAA) is the Executive Education programme for CA directors that the Centre helps to run. This year, we organised a number of additional sessions for

# CORPORATE AFFAIRS: INSIGHTS, OPPORTUNITIES AND CHALLENGES

Corporate affairs is evolving into a highly strategic function, helping to unlock value and protect organisations against multiple risks

Organisations are subject to ever-increasing scrutiny, questions and assessments from multiple connected internal and external stakeholders. This exposure creates a broader spectrum of risks and makes addressing opportunities more complex. The corporate affairs function has a much deeper contribution to make than the traditional remit of communications engagement, image development and crisis management: it is now expected to be responsible for a process of broader engagement that contributes to attracting and retaining talent, winning contracts and advocates, and supporting the long-term goals of the business and its “licence to operate”. Five factors lie behind this statement:

- Governance: organisations are creating new governance structures relating to reputation and organisational values. These changes are a catalyst for the strategic engagement of corporate affairs at board level.
- Currency and relevance: highly topical debates around societal impacts, core values, corporate distinctiveness and risk management provide an opportunity for corporate affairs directors to show their value in practical terms.
- Metrics: the advances in available metrics – mostly (to date) through media trawling and social media algorithms – show how the function is becoming accountable. This creates a language of engagement that is understood and valued by senior executive/board level colleagues, raising the perceived professionalism and impact of the corporate affairs role.
- Language: corporate affairs directors and their teams are professionalising their

use of language and narratives. Internally this drives a greater acceptance of their strategic function and engagement, and externally it connects with every stakeholder and helps deliver effective strategic outcomes for the organisation.

- Research: There is more academic – and non-academic – research available to corporate affairs directors to support the proposition that their function is robust, rigorous and methodical in its approach and impact, and that examines and sheds light on the influences that underpin the multiplicity of external perceptions (a key plank of research at the Centre for Corporate Reputation).

**“Those businesses that get it right, the comms person is on the executive committee. He or she is extremely close to the chief executive. They are proactive, they are strategic; absolutely in tune with the business model and the bigger sectoral issues.”**

**“If I am speaking to government, NGO, regulator, I want them to go and do something, rather than just to tick a box.”**

**“I was in a recent conversation with operations and environmental... in the past it would have been an operational issue I wouldn’t have been invited to.”**

The function has an emerging power to achieve this strategic status

The changing external landscape, principally technology and stakeholder proliferation, coupled with the “burning platform” created by the financial crisis of the last seven years, provides corporate affairs directors with a licence to achieve this more strategic role. Four factors lie behind this statement:

- Interconnectedness: internal and external stakeholders are more interconnected than

they have ever been, principally due to the widespread availability of broadband and the innovations in social media. Understanding and engaging with this new “ripple intelligence” landscape provides a unique opportunity for corporate affairs directors to engage at senior strategic levels within their organisations.

- Burning platform: management teams are reassessing risk management strategies in the aftermath of the financial crisis. The involvement of corporate affairs in these discussions provides greater opportunity to connect with senior colleagues and demonstrate the capabilities of the function. It is important to provide long-term practical strategies and tactics that go beyond simple crisis responses, as important as these are.
- Generation change: a new breed of technologically aware CEOs and board members are being appointed to run businesses. We are at a tipping point where new leaders who have grown up with technology innately understand the need for connected engagement strategies across multiple audiences. This provides a fruitful basis for corporate affairs to engage with directors.
- Fundamental reassessments: the financial crisis has prompted organisations to reassess fundamental values, distinctiveness and positions of trust within the societies that they operate in. Corporate affairs directors are



participants to explore key themes that had emerged during the programme. These produced a wealth of stimulating discussions that we have captured in a report. Below is an extract.

best placed to lead this discussion internally, reinforcing the strategic nature of the role.

**“Break down a smaller issue to recast it in the right way and relate it to the business. Pick an issue like cyber attacks and unpick it using business risk language, and attach the comms agenda to that and show how it will benefit the business.”**

**“They know that reputation risk is out there... but they don’t know what it is.”**

**“It’s going to become increasingly difficult for companies to attract best talent. We are seeing a generation for the first time that has grown up in different circumstances... you’ve got climate change and all these issues. I think they are a genuinely more concerned bunch.”**

**“If you look at millennials, who they want to work for and buy from, the sustainability of business is going to be more and more important, and more than profit and loss and cash flow. The digital revolution emphasises that.”**

**“A set of values dictates how you respond in a crisis situation.”**

**“The values proposition should draw people together around a customer-centric proposition; a primary strategic objective, not an issue.”**

## There is a pressing requirement to professionalise the function

Corporate affairs has traditionally been a somewhat neglected discipline, with inadequate recognition and training. The skillset required to fulfil its potential has expanded, and corporate affairs directors need to find ways to address what is fast becoming a critical skills gap:

- Recruitment: as the function professionalises, the requirement for better talent increases. The function finds it hard to find people with the requisite skills, especially people who understand the wider impact of the work they are doing within the organisation. Better recruitment is a pressing concern, as is succession planning for the top roles.
- Investment: organisations have a responsibility to invest in talent development in this area. If corporate affairs professionals are to properly understand and engage with strategic business outcomes, they need to be given the tools to build their capabilities, similar to the opportunities provided to other disciplines such as finance and strategy. Cross-functional exposure will be beneficial.
- Professionalism: corporate affairs directors need to champion more professional narrative development and better presentation, writing and listening skills within the function. To be able to deliver

at the most senior levels, and demonstrate that impact, people working within the function need to be able to articulate clearly and debate in the language of business.

- Network engagement: time needs to be devoted to building stronger internal networks within organisations so that different functions can improve their understanding of the contribution that corporate affairs is able to deliver; and corporate affairs professionals need to be able to spend more time with external constituencies to build their understanding and analysis of the external landscape within which the firm is operating.

**“Pass certain tests in competence, credibility, knowledge around your industry, and then you are released into being a comms person.”**

**“We are now seen as integral to business growth, risk management, but we actually don’t have the skillsets to execute the job as well as we should do.”**

**“For internal comms, to be taken seriously it is ideal to have experience within the business.”**

**“If there is a crisis, they say, ‘I am a public affairs person, I can’t handle it.’ And we don’t work like that.”**

**“We stopped hiring people into internal comms from outside; we bring other people in from [elsewhere in] the business.”**

**“One of the practical things... is a professional code of conduct... the door is wide open.”**

**“What happens is that people stay within their comfort zone and they generally learn on the job or, if they get moved, through their experience.” ■**

*The full report will be available at [www.sbs.oxford.edu/reputation](http://www.sbs.oxford.edu/reputation) under “Research/Other publications”.*





# NEWS AND EVENTS

● In December, Research Fellow **TIM HANNIGAN** presented the Dean's Seminar at Said Business School; the title was: "Measuring Meaning Structures in Text Analysis for Organizational Research". It explored how his work demonstrates the presence and effects of meaning structures in media discourse. These structures can be mapped out with network-based techniques combined with natural language processing.

● In February, Senior Research Fellow **ROWENA OLEGARIO** made a presentation entitled "Reputation and Creditworthiness" at the Honour and the Law Conference, University of Leuven, Faculty of Law, Belgium.

● In April, **JON MACKAY** attended a conference at the Mid-Western Political Science Association (MPSA) in Chicago. He presented a paper entitled, "Partisan Infighting among House Republicans: Leaders, Factions, and Networks of Interests", which examines how the multiple reputations that politicians have with special interest groups can be used to infer ideological ties between legislators. More broadly, this work sheds light on the role that external stakeholders have on organisational outcomes, using reputation as a key way to gain insight into coalitions of competing interests within organisations.

● Entries are invited for our annual **BEST DISSERTATION** award for 2014. To be eligible, the dissertation needs to have been completed at an accredited university in 2014 and provide significant scholarly insight into a key aspect of corporate reputation. Scholars from all disciplines and methodologies are welcome. There is a prize of £1,000. More information at [www.sbs.oxford.edu/reputation](http://www.sbs.oxford.edu/reputation).

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## APPOINTMENTS

**Lady Barbara Judge**, who is a Visiting Fellow at the Centre for Corporate Reputation, became the first woman to be appointed national Chair of the Institute of Directors in February. She takes up her position on 1 May. In an interview in the *Financial Times* she said:

**"The IoD is changing with the times, seeing women as a strong and important part of the business community. I'm going to champion women."**

"It is known that I believe in quotas. I don't like the idea in theory, but in fact I like the result. I believe sometimes you have to kick the ball in order for it to go in the right direction."

**"I see the UK as providing leadership**



**in corporate governance throughout the world and if we're going to lead in corporate governance we should lead in director education, because they're intricately intertwined."**

## REPUTATION IN THE MEDIA

**PUBLIC COMPANIES WITH MORE WOMEN ON THEIR BOARDS ARE LESS LIKELY TO BE HIT BY SCANDALS SUCH AS BRIBERY, FRAUD OR SHAREHOLDER BATTLES, ACCORDING TO RESEARCH FROM INDEX PROVIDER MSCI, WHICH LOOKED AT MORE THAN 6,500 COMPANY BOARDS GLOBALLY. – FT**

**KLEINER PERKINS CAUFIELD & BYERS SUCCEEDED IN REBUFFING CLAIMS OF GENDER DISCRIMINATION BY FORMER PARTNER ELLEN PAO, YET THE VICTORY CAME AT A COST TO THE REPUTATION OF MANAGING PARTNER JOHN DOERR... FROM BEING PORTRAYED AS PAO'S BIGGEST BACKER TO A VENTURE CAPITALIST WHO FAVORED MALE TALENT. – BLOOMBERG**

**'WHY YOUNG STARTUPS ARE MORE LIKELY TO INFRINGE UPON YOUR PRIVACY' – SINCE THEY DON'T HAVE A REPUTATION TO PROTECT, THERE'S NO NEED TO THINK ABOUT THE CONSEQUENCES. – BUZZFEED**

**THOSE WHO WORK IN TOURISM IN INDIANAPOLIS FEAR THE ECONOMIC IMPACT AND DAMAGE THE RELIGIOUS FREEDOM LEGISLATION COULD BRING TO THE CITY AND STATE'S ECONOMY. – FOX59.COM**

## CONTACT US

We welcome your feedback. Please send any comments to: [reputation@sbs.ox.ac.uk](mailto:reputation@sbs.ox.ac.uk). The Oxford University Centre for Corporate Reputation is an independent research centre which aims to promote a better understanding of the way in which the reputations of corporations and institutions around the world are created, sustained, enhanced, destroyed and rehabilitated. For full details of our research and activities, see: [www.sbs.oxford.edu/reputation](http://www.sbs.oxford.edu/reputation).