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Putting A Score On Value



When it comes to demonstrating the value of public relations it is more appropriate to adapt models of business performance management rather than to focus on traditional methods of evaluation and measurement, argues **Christoph Lautenbach**.

What is the impact of public relations on business? As in many other countries this question has been a key topic of discussion for professional communicators in Germany. The leading public relations associations GPRA, a club of leading consultancies, and DPRG, representing PR professionals, moved the debate forward two years ago by setting up task forces on the communications value added.

The shared understanding is, not surprisingly perhaps, 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. Moreover, public relations has been regarded as an 'enabling function'. As such, it is not expected to generate income by itself, but to support the strategic business objectives of an organisation.

Let's have a look at employees, for example. The public relations function has a clear impact on an aligned corporate culture – leading to bottom line benefits such as employee retention, employee motivation and increased productivity. With a look at the public, value is being created by building up reputation, by cultivating trustful relationships with key stakeholders or by enhancing the organisational license to operate.

Demonstrating Impact

The influence on many business objectives might only be indirect – but still public relations has to demonstrate its impact on reaching these objectives. In order to do so, much more has to be done than just measuring the output, outgrowth and outcome of communication. The tools and methods that are currently being used for PR evaluation are widely regarded as insufficient. They cannot prove whether in fact they contribute to the overall organisational objectives. What needs to be measured is the outflow. What needs to be shown are the 'value links' between public relations activities and the business results.

A variety of new models to both manage and measure organisational communication performance have been developed recently. The spectrum ranges from new performance ratio systems, multi-dimensional

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models and methods of reputation assessment to communication due diligence and Balanced Scorecard-type approaches: consultancy Hering Schuppener, for example, has introduced the first 'Communications Scorecard' to the German market, the influential academic Ansgar Zerfass has presented a 'Corporate Communications Scorecard' widened by the socio-political responsibilities of organisations, and GPRA has developed a pragmatic management model called 'Communications Value System'.

Whereas traditional methods of measurement and evaluation are directed towards the effects of public relations only, these new approaches focus on the business impact. They are aiming at demonstrating how communication contributes to profitability and shareholder value. The basic idea behind these approaches is to make use of a management tool and adapt it to the needs of corporate communications.

Balanced Scorecard

Most of the new approaches are based on the Balanced Scorecard (BSC) model that has widely been used in various areas of business administration. Developed in the early 1990s by Robert S. Kaplan and David P. Norton at Harvard Business School the management tool has been a huge worldwide success. The Balanced Scorecard seems to be an ideal model to use for corporate communications.

As an extensive controlling system it provides a wide range of measurable performance indicators for the operative measurement – beyond financials indicators only. As a strategic management model it defines a process allowing the planning, control and change of business strategy. As an integrated tool it takes into account different organisational perspectives (financial, customers, processes, knowledge and learning).

Clearly defined goals have to be set. Value drivers are to be identified and measurable key performance indicators have to be assigned to them. The communications function has to direct all activities towards these indicators in order to support business objectives.

Most Balanced Scorecard 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 coherence between overall organisational and the communication objectives.

On the operational level the scorecard ensures 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.

Communications Value System

With a look at GPRA's 'Communications Value System' this model is highly motivated by practical considerations of PR consulting and focuses on a pragmatic, non-scientific approach to the subject. The approach combines both management system and stakeholder model.

A well-structured process enables professional communicators to both manage and control the contribution of communication to the organisational success. As a flexible tool it can be adapted to individual corporate needs. It systematically links communication to corporate strategy by a top-down process. Each relevant business objective is being looked at with respect to each stakeholder group. A bottom-up evaluation finally delivers performance indicators on different levels – from output to outflow.

Some of the new models do not go far enough. They are rather focused on improving the efficiency of the communication department than on effectively supporting business objectives. But whatever model to look at, the Balanced Scorecard-type approaches are not meant to replace the

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"Some of the new models do not go far enough."

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established measurement and evaluation methods.

Results Linked To Organisational Objectives

Surveys, media analyses, image profiles etc. will continue to be important. Instead, the new models offer frameworks for performance management that allow professional communicators to integrate and directly link their results to organisational objectives. Thus, instead of measurement and evaluation the term 'communication controlling' seems to be appropriate and is being used more and more.

Meanwhile, the focus of interest has moved to finding a set of Key Performance Indicators for communication. These measures have to be mainly influenced by communication, highly aggregated and also relevant for the organisational controlling system.

Certain KPI's for communication can be correlated with business figures – for example the close link between employee commitment and productivity has been widely accepted and demonstrated in a number of studies.

Whatever model to choose – for professional communicators it is imperative to work with some sort of management system that enables them to have clear and measurable business objectives to relate to. In fact, these strategic management tools for communication have to be designed and adopted specifically to each company in accordance with its specific objectives.

For a long time professional communicators were lacking sustainable models to use. Now these have been developed there are new challenges coming up.

The basic qualifications for professional communicators are changing. More and more, they have to meet new requirements to do their jobs. They need to extend their understanding of business management. This is what really matters.

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