

PRWeek

CEO SURVEY 2006



Business strategy >>

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Making connections

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Burson-Marsteller

All things



Michael Sigrone

► Facing more issues, information channels, and sources of counsel than ever, CEOs share their insights with *Julia Hood* in the *PRWeek/Burson-Marsteller* CEO Survey

“Nobody questions a winner, but everyone criticizes a loser,” says Kenny Frerichs, CEO of Network Physics (pictured left), a company that provides solutions that help IT managers optimize their enterprise application performance across their network. Such is the CEO’s plight, particularly now when a rapidly changing marketplace has converged with a fragmenting media environment that is ready to pick apart every move a company makes and its leaders.

So given this landscape—and the pressure not just to succeed, but also to lay the groundwork for innovation as well as sustainability, while thinking long-term and short-term simultaneously—what are the factors that help CEOs make decisions that impact their company? It is a combination of information and experience, advisors and gut instinct, and PR pros have a critical role to play in this mix.

This year’s *PRWeek/Burson-Marsteller* CEO Survey looks less at the communications imperatives of today’s business leaders and more at the matrix of issues and information that impact corporate strategy. The survey asked 252 CEOs to identify who is most influential to their decision-making, how often they adjust strategy, and what issues have caused them to change direction.

The differences between large and small companies were very apparent in the way respondents answered certain questions. CEOs from higher-revenue companies rely more on their executive team and board of directors than their smaller company counterparts for help in making business decisions. Macro issues such as energy

prices, healthcare costs, and environmental concerns impact business strategy more for larger companies than for smaller ones.

Research plays a critical role for every CEO interviewed for this story. “CEOs are fundamentally more research-driven today than they have been in the past; they are [also] more issues-driven than in the past,” says Mark Penn, CEO of Burson. “They have to listen not just to the board of directors, but across the board to what the bigger trends are.”

BEYOND THE NUMBERS

No effective CEO is driven solely by the numbers. Frerichs, for one, is a voracious consumer of quantitative and qualitative information. But in the midst of his high-level data and advisors, he also thinks about grannies. He doesn’t want on his conscience the elderly pensioners who invest their life savings in a company without the proper foundation for success. “Business is business, but there is a responsibility.” Striking the balance between the two helps inform his strategy.

That’s partly a function of spending time in leadership roles during the dot-com boom. At one of his previous companies, there was a lot of pressure during 1998-1999 to take the company public, but Frerichs resisted the siren’s song of easy wealth. “I looked at [the bubble] and said, ‘It’s not real. We’re being drawn by greed,’” he says. “Some of these companies going public are not [sustainable] companies.”

What might seem like a soft-focus approach has solid business realities underpinning it. Few grannies will be plowing all their pennies into a specialized tech stock, and indeed most investing

considered

BUSINESS STRATEGY

How frequently do you reevaluate your long-term business strategy in light of emerging issues?

	All	Low Rev.	High Rev.
More than once a month	11.9%	9.6%	21.4%
Monthly	21.8%	18.8%	28.6%
Quarterly	30.2%	27.4%	45.2%
Bi-annually	12.3%	14.2%	4.8%
Annually	10.3%	13.2%	0.0%
Never	13.5%	16.8%	0.0%

Base: 252 197 42

Who in your organization has the primary responsibility for addressing the impact of emerging issues on the business?

	All	Low Rev.	High Rev.
Me – the CEO	71.8%	79.7%	35.7%
My executive team	20.2%	15.7%	42.9%
Our strategy team	5.2%	3.6%	11.9%
External consultants	2.4%	0.5%	9.5%
Another person, group, or committee	0.4%	0.5%	0.0%

Base: 252 197 42

* Low rev. = <\$10m annual revenue
** High rev. = \$10m+ annual revenue

is institutional in nature. But a company that can't keep a granny's lifestyle afloat should never have gone public in the first place. Balancing the business realities with informed instinct is the goal.

"CEOs use research to sort out among different points of view," says Ame Wadler, Burson's chief strategic innovation and integration officer. "Making a decision is harder, and some of it comes down to intuition or gut instinct. But it is a highly informed gut."

Frerichs uses a range of resources to help inform his own instincts. "When considering a disruptive approach to a preexisting market, or expanding into

71.8% of CEOs have the primary responsibility for addressing emerging issues' impact on the business

78.6% of respondents say anticipated reaction from customers is a major priority when making a business decision

new markets, you have to understand the cause and effect of your actions," he says. "We subscribe to a number of analyst services that cover in great detail the markets we are considering or currently serving. We also subscribe to a service that tracks news articles and editorial pieces to keep apprised as to what our current and/or potential competitors are doing that might not be specifically covered in analyst briefings."

Frerichs also turns to a network of personal and business relationships, individuals who become a "sounding board" for him. "Over time you learn how to balance your intellectual and emotional responses regarding the decisions you make and how those decisions affect shareholders, employees, and partners."

STRATEGIC DIRECTION

Financial performance, even for private companies, is the ultimate measure of success for CEOs. But how that manifests itself in the CEO's priorities can vary.

"The first thing is the short term," says Larry Genkin, CEO of Larstan Business Reports, a publishing and consulting firm. "I know you should be thinking long term, but cash flow is very much on my mind – how much is it going to cost us to do this or that venture."

At the same time, however, Genkin has three basic requirements behind every decision: that it be scalable, potentially profitable, and repeatable. His main consideration: "Can we make this sale over and over again?"

Indeed, companies today are required to drive innovation, to adapt to the changing global marketplace, but with sustainable strategies that will create long-

EXTERNAL ISSUES

As your business strategy evolves in light of emerging issues, which of the following are extremely or very challenging?

	All	Low Rev.	High Rev.
Budgeting resources to address your changing needs	55.5%	54.9%	54.8%
Changing consumer needs	54.6%	53.0%	54.8%
Understanding the impact that emerging issues may have on my business	52.8%	50.0%	57.1%
Keeping informed on a multitude of emerging issues	50.0%	47.6%	47.6%
Determining which issues should be prioritized	50.0%	48.8%	50.0%
Organization's ability to be flexible to address your changing needs	46.3%	43.3%	50.0%
Competitor activity	46.3%	45.7%	50.0%
Employee resources to address your changing needs	44.5%	40.9%	54.8%

Base: 252 197 42

Which of the following have had an extreme or definite impact on modifications you've made to your business strategy?

	All	Low Rev.	High Rev.
New technologies	57.9%	25.4%	52.4%
Energy prices	40.5%	20.8%	38.1%
Healthcare costs and concerns	38.5%	18.3%	35.7%
Privacy issues	38.1%	17.3%	33.3%
Corporate governance/ethics issues	34.9%	17.8%	23.8%
Environmental concerns	33.3%	16.8%	28.6%
CSR	29.8%	13.2%	21.4%
An aging workforce	27.4%	12.7%	21.4%
Terrorist threats/global politics	23.0%	9.1%	28.6%
Immigration	17.5%	10.2%	16.7%
New media proliferation (i.e. blogs)	15.1%	4.1%	16.7%

Base: 252 197 42

BUSINESS INFLUENCERS

Which of the following outcomes are a high or very high priority when making a business decision?

	All	Low Rev.	High Rev.
Anticipated reaction from my customers	78.6%	77.2%	83.3%
Impact on my business's long-term financial performance	73.8%	72.6%	78.6%
Impact on my company's reputation	73.4%	72.1%	81.0%
Available internal resources to implement the business decision	64.3%	60.4%	78.6%
Impact on employee morale	62.3%	56.9%	81.0%
Available internal budget to implement the business decision	60.7%	59.4%	66.7%
Impact on my reputation as a leader	56.7%	52.8%	76.2%
Impact on my business' short-term financial performance	54.4%	52.8%	64.3%
Anticipated response from my competitors	34.5%	28.4%	61.9%
Anticipated response by the financial community	29.8%	22.3%	61.9%
Anticipated media response	25.4%	19.8%	47.6%
Anticipated response from NGOs	20.2%	14.2%	42.9%
Anticipated response from bloggers	12.3%	6.6%	35.7%

Base: 252 197 42

term benefits. Public companies will spend a lot of time focusing on the numbers, obviously.

But corporate finance is not the cut-and-dried proposition it used to be. J.P. Donlon, editor of *Chief Executive* magazine, says that the investor community is increasingly looking less at GAAP revenues and earnings per share

DECISION-MAKING

Which of the following are extremely or very influential in guiding your business decision-making?

	All	Low Rev.	High Rev.
Employee input	65.9%	62.9%	76.2%
My executive team	62.3%	56.9%	83.3%
Intuition/gut feeling	62.3%	60.9%	71.4%
Internal metrics and financial information	44.4%	36.5%	71.4%
Board of directors	42.9%	37.6%	64.3%
Industry trade publications	41.3%	36.5%	59.5%
Competitor analysis	40.5%	37.1%	57.1%
Industry conference and trade shows	40.1%	36.0%	54.8%
Print news	33.3%	25.9%	61.9%
Analyst reports	31.3%	25.4%	54.8%
Print business magazines	31.3%	25.9%	54.8%
Online news or business publications	27.4%	23.4%	40.5%
Academic thought leaders	26.2%	19.3%	52.4%
Popular business books	21.4%	17.8%	38.1%
Television business news	21.4%	15.7%	38.1%
Bloggers/online discussion boards	16.3%	11.2%	38.1%

Base: 252 197 42

MEDIA SCORECARDS

In your opinion, which of the following media scorecards are extremely or very influential?

	2006 Rank	2005 Rank
Fortune's 100 Best Companies to Work For	1	2
Fortune's Most Admired Companies	2	1
The Financial Times' World's Most Respected Companies	3	3
Fortune's 25 Most Powerful People in Business	4	5
The Wall Street Journal's Shareholder Scoreboard	5	9
Fortune's 50 Most Powerful Women in America	6	6
The Financial Times' and the Sunday Times' Best Places to Work	7	4
Working Mother's 100 Best Companies for Working Mothers	8	14
BusinessWeek's Best (and Worst) Managers of the Year	9	8
Business Ethics' 100 Best Corporate Citizens	10	11

Base: 252 131

(EPS), and more at metrics such as economic value added (EVA) or market value added (MVA). He adds that most company reports are redrawn by analysts from those perspectives.

The quarterly earnings statement remains "a necessary evil," Donlon says. "It can demonstrate that the company is valid and meeting its targets, but a lot of it is pro forma. Most people don't pay that close attention unless something is very wrong."

CEOs are expected then to meet

not the stated and regulatory expectations, but to understand that investors and analysts want more and better detail at the same time. Penn says that enlightened leaders have an opportunity to increase value while telling a better story.

"There's no question that the short-term [performance] and being able to predict it has a major impact, as much as there's an effort to get rid of the quarterly reporting," he says. "Sarbanes-Oxley has brought even greater emphasis on the numbers."

But Penn maintains that there is a need for CEOs to articulate their strategies beyond the numbers and announcements, as he found when working with one CEO on the growth story of the company. The CEO gave a key speech that had no "news," but focused on strategy. The company's shares rose as a result.

"That's the value of telling your story better," Penn says. "Nothing is going to change your story 100%, but you can have an impact that is substantial by just communicating what you are doing better."

Some leaders aim to dovetail their financial objectives with their workplace culture. HomeBanc, which went public in 2004, was ranked 14th in *Fortune's* Best Places to Work in America scorecard in 2006. For CEO Patrick Flood, this metric helps the company articulate not just its values, but the success of its model.

"One of the things that gets lost in the process of business is the long-term value of the reputation you have," Flood says. "Shareholders would love us to say we think about shareholders first. But our way of thinking is based on the best success formula for business."

That includes, particularly for a service-based industry, attracting and retaining top talent to meet business goals. "At the end of the day, the people that are here, and the commitment level they have to do everything they can, that ultimately yields the best shareholder return."

Even so, HomeBanc is ultimately a mortgage company. In its third quarter, the company's report cited the difficulties that the mortgage and housing market currently face as a factor behind its updated earnings guidance.

TECHNOLOGY'S IMPACT

The survey asked CEOs to rate the degree to which certain major issues have impacted their strategy. The challenges created by new technologies ranked high on the list for both small and larger companies, followed



THE NEW-MEDIA SPOTLIGHT

United Way is an umbrella organization of 1,300 locally run nonprofit organizations. As CEO of United Way of America, the organization's national governing body, Brian Gallagher (above right) is on the road about two-thirds of his time. He uses his visits to communities as an opportunity for face-to-face communications, touching base with key teams such as professional staff, volunteers, and those whose lives are helped by the organization's efforts.

Now the United Way is adapting to the demands of the new media.

"Volunteering and giving online is increasing dramatically for us," he notes. "We're now getting to the point where it's big enough that you have to really pay attention to it." The organization created a platform called United e-Way to facilitate online giving and distribution.

The biggest surprise to Gallagher in the digital world has been the response to the limited-pur-

pose blog he started writing in the weeks following Hurricane Katrina. His constant travels to the Gulf Coast created a need for a way to communicate what was going on in the region with greater immediacy.

Gallagher, though, was not sure who would be paying attention. "I was a little skeptical," he recalls. "I asked my folks how many people actually read this stuff, but I was amazed at how many e-mails and calls I got, telling me they were reading my blog."

For example, Gallagher, having returned to Washington, DC, ran into a three-star general who told him, "I love your blog", adding that he found it one of the best ways to keep in touch with developments.

Now Gallagher is considering rolling out a team blog and continuing to use the limited-purpose blog during other events or crises.

"Depending on the importance or intensity of an event," he says. "I know our folks will get me back on the blog."

65.9%
of CEOs cite
employee input
as extremely or
very influential in
guiding business
decision-making

77%
feel that digital/
online strategy is
important to the
organization's
overall plans

posed by energy prices.

One matter on a lot of people's minds is the CEO compensation issue that has roiled such companies as UnitedHealth Group and The Home Depot. When perception of a CEO's pay does not meet the public's expectation of company performance, the resulting PR furor can be painful. "[It's] a big topic," says Flood, "as is the value and ethics in the boardroom. Ten years ago, the board had isolation from the media. Today, you have no place to go. Everything that can be public is public."

Terrorist threats and global politics also scored high as impactful issues for larger companies.

"We have the concern—as everyone does today—about terrorism," says Dominique Schurman, CEO of Papyrus, a chain of retail stationery stores. "It's one of those things that is totally out of our control that could have a huge impact on our business."

But Schurman's day-to-day focus is firmly on the growth of her business, which expanded its store base by 50% in 2006, and is committed to further expansion in 2007. The store redesign has also been a big part of the strategy.

"We have a sense of urgency

MEDIA INFLUENCE

Which media outlet's coverage of your company has had the biggest positive impact on your business?

	2006 Rank
The Wall Street Journal/Dow Jones	1
Forbes	2
Fortune	3
CNN	4
Trade media covering my industry	5
BusinessWeek	6
The New York Times	7
Time	8
Newsweek	9
National morning or evening news programs	10

Base: 252

NEW MEDIA

How important is a digital/online strategy to your organization's overall strategy?

	All	Low Rev.	High Rev.
Extremely important	25.4%	21.8%	42.9%
Very important	27.0%	24.4%	38.1%
Somewhat important	24.6%	26.4%	16.7%
Not very important	13.9%	16.8%	0.0%
Not at all important	9.1%	10.7%	2.4%

Base: 252 192 42

CORPORATE REPUTATION

Other than yourself, to whom do you turn to manage your company's reputation?

	2006 Rank	2005 Rank
Internal PR counsel	1=	1
Board of directors	1=	2
Internal marketing counsel	3	4
External PR counsel	4	3
Management consultant	5	8
External marketing counsel	6=	9
Internal legal counsel	6=	7
Human resources	8	5
CFO	9	6

Base: 252 131



NEW MEDIA

Do you have your own blog?

	All	Low Rev.	High Rev.
Yes	8.3%	3.0%	33.3%
No	91.7%	97.0%	66.7%

Base: 252 192 42

If not, how likely are you to have a blog in the next two years?

	All	Low Rev.	High Rev.
Likely	19.0%	18.8%	25.0%
Not likely	54.5%	57.6%	35.7%
Somewhat likely	26.4%	23.6%	39.3%

Base: company does not have a blog 231 197 42

Does your company have blogs that are internal or external or both?

	All	Low Rev.	High Rev.
Both internal and external	9.5%	6.1%	28.6%
Internal	16.3%	13.2%	33.3%
External	4.4%	3.6%	7.1%
No blogs	69.8%	77.1%	31.0%

Base: 252 197 42

How would you rate blogs as a corporate communications tool?

	All	Low Rev.	High Rev.
For internal audiences			
Excellent/very good	38.5%	33.5%	64.3%
Fair/poor	23.0%	24.4%	19.0%
For external audiences			
Excellent/very good	22.6%	20.8%	33.3%
Fair/poor	32.5%	33.5%	30.9%

Base: 252 197 42

Other than you, who primarily manages the company's digital/online strategy?

	All	Low Rev.	High Rev.
Me – the CEO	66.3%	74.1%	26.2%
My executive team	14.7%	10.7%	35.7%
Technology team	8.7%	6.6%	16.7%
External consultants	5.2%	4.1%	11.9%
Marketing team	2.8%	3.0%	2.4%
Interactive/digital team	1.2%	0.0%	7.1%
Another person, group, or committee	1.2%	1.5%	0.0%

Base: 252 197 42



about getting our brand out there and securing a lead position for our product category," she says.

Schurman works with an executive team of eight and conducts weekly meetings to refine strategy. But an overarching vision guides the company's global strategy throughout the year. "Unless we get a major signal that something is wrong, I think it's important to stick to the plan," she says. "The wonderful thing about retail is that your customer tells you what they like with their pocketbook. You can see almost overnight whether a change is effective or not."

Schurman also focuses a lot more on her own company than what competitors are doing. "A lot of retailers worry too much about what's going on down the block."

When asked how often his company reevaluates strategy, West Shell III, Healthline Networks' CEO, says, "Constantly. In a high-growth, early-stage company, you must constantly adjust your business plan to take advantage of opportunities in the market."

Shell's goal is to make the company the largest provider of healthcare information within the next 12 to 24 months. "When you have as bold and broad a vision as we do, you need to diversify market opportunity... meaning cus-



Redesigning its shops was a key component for retail stationery-store chain Papyrus, which grew its store base by 50% in 2006

tomers segments, addressing the needs of the market – making sure you have a diversified product and business model," he says. "I'm always adjusting different parts of the plan on where we are putting precious human and financial resources to grow the company."

Donlon says that most public companies will do a strategic deep dive once or twice a year, possibly in a three-day exercise including board members and executives. Every six months or so, they review progress to determine whether a mid-course correction is needed.



"Unless we get a major signal that something is wrong, it's important to stick to plan"

– Dominique Schurman
CEO
Papyrus

35.4% of CEOs who do not currently have their own blog are either likely or somewhat likely to have one in the next two years

38.5% rate blogs as excellent/very good corporate comms tools for internal audiences

"Surprisingly a lot of discussions are on the tactics, though, not the grand strategy," he says. "It can be very easy to confuse the two. It's up to the CEO to keep the difference straight."

DIGITAL INNOVATION

One of the biggest changes to the corporate world in recent years has been the proliferation of digital media. Ironically, while CEOs surveyed did not rank new media especially high on their list of strategy-changing challenges, a large percentage, particularly from big companies, cite digital or online strategy as "extremely important."

Penn says that CEOs know that the new-media landscape is important, because of both the opportunities and vulnerabilities it presents.

"I see some leaders really looking ahead to where they [will] be five years from now and what that means for the whole selling and communications apparatus," he says. "I think they almost have a better sense of where it's going than where it is now."

Even a company like Sabian Cymbals, with 25 years of selling its products to drummers and finding ways to connect with customers through hands-on experience with the products, has embraced a digital strategy.

"We monitor blog sites a lot to find out what people are saying," says CEO Andy Zildjian. "We also have one guy here who will correct mistakes that appear on blogs." For example, when blog postings were claiming that the company had misled people about its manufacturing practices, the company was quick to respond with video evidence. Zildjian is also launching an online Q&A session to enable him to answer consumer questions in a dialogue format.

But Sabian's online strategy is closely connected to its long-term efforts to engage with its customers. The company routinely tours with its latest products. In fact, when it responded to the misinformation on the blog, it found that some of the attendees of their past live events had beaten them to it.

Zildjian, like many of the CEOs surveyed, does not write a blog himself. Neither does Kirk Loevner, CEO of Epocrates, provider of handheld and Web-based clinical reference tools. But the company harnesses a network of physicians to write blogs through its Web site. But for himself, Loevner says "I don't view it as the most high-return channel for the investment."

According to the survey, only 3% of the smaller-company

USING PR

For which of the following objectives is PR extremely or very important?

	2006 Rank	2005 Rank
Increasing sales	1	2
Safeguarding image	2	4
Enhancing corporate reputation	3	3
Raising brand awareness	4=	1
Monitoring corporate reputation	4=	8
Motivating employees/raising employee morale	6	7
Keeping management informed of external developments	7	10
Crisis management	8	6
Communicating a company's position on an issue	9	5
Managing the media	10	8
Influencing government policy	11	12
Boosting stock price	12	11

Base: 252 131

CEO RESPONSIBILITIES

Which of the following CEO responsibilities are an extremely or very high priority?

	All	Low Rev.	High Rev.
Developing current customer relationships	76.6%	74.6%	81.0%
Bringing in new business	75.4%	73.6%	81.0%
Managing the company's reputation	71.8%	69.5%	78.6%
Setting the vision for the company	68.7%	62.9%	88.1%
Developing the organization's business strategy	67.9%	62.9%	83.3%
Motivating employees and building morale	61.1%	53.8%	85.7%
Building relationships with partners	56.3%	50.3%	88.1%
Creating leadership and growth opportunities for employees	52.4%	42.1%	85.7%
Retaining employees/reducing staff turnover	50.4%	42.6%	81.0%
Addressing shareholder needs	32.5%	25.9%	54.8%

Base: 252 197 42

CEOs have their own blogs, while in larger companies 33% have them. One reason for this may be that large-company CEOs use blogs as an internal communications tool that helps them reach a broader audience. The overall perception among most CEOs is that blogs are more effective for in-house communications than for external audiences.

Whether it manifests itself through digital strategy or not, what Zildjian and Loevner share is a passion for research to drive innovation. "We use research extensively," says Loevner. "Primarily for products. If someone wants to champion a product, we will use the survey to validate the concept or not."

Zildjian has been a huge proponent of research for his company, primarily in the form of surveys, "to make sure on the larger scheme what the needs are of the market." He says research has informed the kind of innovation that has helped his company grow in the right way.

"We put a lot of emphasis on innovation, but most importantly relevant innovation," notes Zildjian. "It all has to come down to the question: It may be interesting, but is it relevant?"

CITIZENSHIP AND STRATEGY

A company's position in its community—be it global, local, or both—will impact its business performance and reputation. Building local profile is one reason why it's important for David Becker, CEO of packaging and branding firm Philippe Becker Design, to be featured in the *San Francisco Business Times'* ranking of the area's fastest-growing companies.

"I don't know what it says about the quality of the work, but it speaks to business leaders who are asked to consider us because we're obviously doing something right," he says.

Doing something right—for the community and business—also played a role in the firm's pro bono work with the city of San Francisco on a homeless initiative, Project Homeless Connect. It was both the right thing to do and a boon for the firm, which won a local award for the campaign. "We didn't do it to win a business award, but we did," Becker says. "Those things are important for getting in front of business people."

CSR is also gaining a higher profile, says *Chief Executive's* Donlon, and it's naïve to think that companies merely look at it from the perspective of "doing good."

"The underlying economics are really driving decision-making," he says. "What they're really doing is driving efficiencies. The point is how far in one direction



"[Community initiatives] are important for getting in front of business people"

— David Becker
CEO
Philippe Becker Design



SAN FRANCISCO CONNECT
GIVE A DAY TO SF

76.6%
rank developing current customer relationships as one of their highest-priority responsibilities

does one push this." Too far, and the cost outweighs the benefits.

It's the corporate citizenship instinct that informs Frerichs' "granny" sensibility, as well as today's corporate philosophy of finding ways to meet business and human objectives. "Corporate reputations are driven by both performance and citizenship factors," Burson's Penn says. "You can never be the Most Admired company unless you have both."

COUNSELING THE CEO

Decision makers need someone to talk to, just like anyone else. HomeBanc's Flood, within the confines of what he can discuss publicly, says that he will sometimes turn to his father, his wife, even his pastor, when making tough decisions. That isn't uncommon, as finding someone who you can trust is not easy when you sit at the top.

The changing role of the board of directors at public companies means the relationship is less oriented to advising the CEO, or simply supporting his or her decisions, and more actively engaged in issues that impact the reputation and strategy of the company.

"Board members take their job more seriously than ever," says Burson's Wadler. "It's a partnership that is more engaged than it has been in the past, so there's a shared responsibility."

A large percentage of CEOs surveyed reported that "employee input" is highly influential in guiding their business decisions. At the same time, however, companies are wrestling with a very different environment of employee engagement. While year on year, the CEO survey has reflected a rise in the importance of internal communications, it is not always apparent from the employees' perspective.

"Employees in the US are getting less and less happy working for big companies, particularly as benefits have changed and people change jobs so frequently," says Penn. CEOs are seeking new ways to connect business strategy with employee motivation.

PR pros have an opportunity to play an even greater role in advising CEOs, and the rise of communications in the C-suite is well documented. But there are some areas where some CEOs would like even greater input.

Many speak of relying on "gut instinct" to make decisions, but in fact they gather information from a wide range of sources. Healthline Networks' Shell says he would like his PR counsel to take a larger role in helping him assimilate the array of content and data relevant for his company.

"One thing I would like to see PR

THE RESPONDENTS

Approximately what were your company's total gross revenues for the last financial year?

Less than \$10 million	78.2%
\$10 million to \$50 million	7.5%
\$50 million to \$100 million	4.4%
\$100 million to \$150 million	0.8%
\$150 million to \$1 billion	3.6%
\$1 billion or more	0.4%
Declined to say	5.2%

Base: 252

What is your company's industry sector?

Technology	6.7%
Consumer retail	23.0%
Healthcare	1.6%
Financial services	6.3%
Professional services	19.0%
Miscellaneous	43.3%

Base: 252

pros do a better job at is synthesizing those diverse voices out there and take those disparate articles, briefings, and analyst reports and distill that down to some core briefing documents, and give better perspective to inform my company's business strategies," he says. "Fundamentally, there's this mosaic being developed every day. The ability to step back and knit that mosaic together into core insights would be very valuable."

Donlon says that while many CEOs include their senior communicator in decision-making, too many still don't. In a feature *Chief Executive* is publishing soon about CEOs dealing with crises, most problems link back to a communications failure of some kind.

"In general, some CEOs will adopt the view, "When I really need it, then I can hire it or engage it," he says. "But that senior PR person needs to be there all the time, so that when something extraordinary happens there is no education lag and they are bright enough to know and anticipate."

For CEOs who tell him that their senior PR people simply aren't of the caliber to earn that level of involvement, Donlon has one answer, "Hire someone who is of that caliber." ■

The PRWeek/Burson-Marsteller CEO survey on the importance of PR to CEOs was conducted by PRWeek and Millward Brown using the Lightspeed panel. E-mail notification was sent to approximately 2,000 corporate professionals and a total of 252 CEOs completed the survey online between September 14-25, 2006.

Results aren't weighted. Based on the sample size, the results are statistically tested at a confidence level of 90%. This report provides selected highlights. Full results—offering additional data—are available in PDF format for \$150. Please contact lisa.lamotta@prweek.com.



Digital media plays a key role in the comms strategy at 25-year-old Sabian Cymbals