

# PR VITAL SIGNS: **AN** INDUSTRY **BENCHMARK** FROM EML WILDFIRE

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# INTRODUCTION

The PR profession has evolved significantly over the last decade. Keeping pace with today's transparent, real-time economy, PR has had to become a more complex discipline, with a much broader remit, that can have more immediate, far-reaching impacts on share price, customer behaviour and brand reputation.

Yet, while there are many ways to assess the impact of a PR campaign, how many PR teams can actually say they know, beyond a gut-feeling, whether PR activity is performing well as a strategic business function with an impact on real business outcomes?

Apart from a handful of enlightened companies, where the Communications Director sits at the right hand of the CEO, all too often PR gets buried within the marketing function and its impact boiled down to a cuttings book.

The industry has already taken some important steps towards a measurement framework that reflects this changing role of PR; perhaps most significantly, the Barcelona Principles banished AVE forever and encouraged the PR industry to focus on outcomes rather than outputs.

If it is to continue to grow and earn respect as a serious discipline, the PR profession needs to find new ways to assess the effectiveness and value

of the PR function, both in-house and consultancy. Our own experience has demonstrated that by setting clear goals and aligning PR activity with these, PR can directly influence a wide range of outcomes beyond media coverage, from brand perceptions and online reputation, to lead generation and sales.

But is it possible to find a single organising framework that allows the PR industry to measure its overall effectiveness in today's challenging, 24/7 communications environment?

To find the answer we devised a new framework and undertook an ambitious project to validate this while compiling a benchmark study for PR operations of every size. Our aim was to produce a framework that shows whether an organisation's PR set-up, encompassing both in-house teams and external PR consultancies, is delivering the outcomes that matter to that organisation.

This document explains what we found out. It is essential reading for any PR professional with an interest in raising the effectiveness of their PR programmes and the status of the PR function within their organisation. We hope it provides you not only with food for thought, but also with actionable insights that can be put into practice to help achieve your PR goals.

## EXECUTIVE SUMMARY

The PR profession has had to evolve rapidly over the last decade to keep pace with changes in the communications and business landscape. But have PR teams developed the necessary skill sets, processes and behaviours to respond to the challenges of a 24/7 real-time communications environment?

Our benchmark study sets out to find the answer. We also wanted to provide a framework for success, that would help organisations determine whether their own PR function is delivering optimal value in today's constantly evolving communications environment.

Working with Dr. Bill Nichols, a former PR agency chairman and industry veteran, who now teaches at Buckinghamshire New University and Henley Business School, we surveyed over 80 organisations, from global technology giants to UK- and US-based multi-million pound businesses, to help us test and validate a new framework designed around three key areas that represent the strategic value of the PR function.

In other critical business disciplines, we use universally accepted measures to benchmark performance, so why not PR? We adopted a financial analogy to explain how we could measure the communications health of any business and matched our three key areas to Profit and Loss, Balance Sheet and Cash Flow:

- **PR Business Results:** this first measure is the equivalent of the profit and loss statement, which shows how much money a business is making compared to its spending. To determine the PR equivalent, we looked at whether PR is able to demonstrate its impact upon real business outcomes, such as audience behaviour, sales, share price and brand loyalty, over and above its cost to the business.
- **Reputation Management:** this is the balance sheet equivalent, which provides a snapshot of business assets versus liabilities. In PR terms it represents the more intangible asset of goodwill and captures the organisation's long-term PR health or accumulated PR value. It reflects past success in meeting stakeholder needs, contributes to the firm's financial value and creates opportunities to differentiate and achieve competitive advantage.
- **Maturity:** while widely recognised by other management disciplines, this is a new measure to be applied in the field of PR. It is the PR equivalent of cash flow. A strong cash flow can be fundamental in helping a company respond to the unexpected and handle difficult times. For the purposes of this framework, Maturity shows how adept a PR organisation is at managing change and flexing with the dynamic nature of PR to ensure it is still best optimising the impact of activity.

Encouragingly, our study revealed that there is much PR functions can do to improve their performance in the three key areas of Business Results, Reputation and Maturity and ensure that performance delivers greater

## EXECUTIVE SUMMARY CONT...

value to the organisations they serve. The key findings of our study are summarised below:

- The overall scores reveal that PR is most effective in the area of Reputation Management, is showing real promise in the less traditional measure of Maturity, but is lagging behind in delivering Business Results, with respective average scores of 76%, 68% and 64%.
- To maintain its high standards in Reputation Management the PR industry must focus upon being able to manage a more diverse group of potential influencers in a much more dynamic environment. The major areas for improvement in Reputation Management broadly coincide with the need to monitor and respond to the real-time communications environment.
- Those organisations that are most effective at delivering real business results set clear performance objectives together with plans to achieve them. For PR teams that want to ensure PR activity has a positive impact upon financial performance and sales, improving strategic planning is by far the area of focus most likely to achieve this goal.
- Maturity scores correlate strongly to success in both the area of Business Results and Reputation Management, suggesting that Maturity could well be the key factor influencing PR effectiveness overall. And, just as in the real financial world savvy investors learn to check net cash flow

first, so Maturity may become the starting point for assessing a PR team's ability to perform.

- Leadership is by far the most powerful influence on Maturity, but is an area where most organisations can do better with an overall score of just 62.5%.
- Measurement isn't really working. At just 50.5% Measurement attracts the lowest effectiveness score while its execution doesn't really seem to exert any influence on the three key elements of our model. In other words measurement doesn't seem to have any bearing on key outcomes in the areas of Business Results, Reputation Management and Maturity.
- There is significant disparity in performance in terms of PR techniques. While social media and writing skills both scored very highly, project management skills were slightly less impressive and media pitching skills weak by comparison.
- Ad hoc or opportunistic activity that the PR industry is often prized for can get in the way of achieving campaign objectives and broader commercial impacts.

Overall our study succeeded in providing a useful framework for PR teams to benchmark their effectiveness and importantly to prioritise focus areas to deliver optimal results. It provides the industry with an exciting new tool to both measure and demonstrate the strategic value of PR.

## OUR BENCHMARK FRAMEWORK

To reflect the growing emphasis upon planning and goal-setting alongside the more creative and relationship-building aspects of PR, we wanted to find out what contribution each aspect of PR makes to success in our three key measures of Business Results, Reputation and Maturity, and in doing so validate our PR benchmarking framework.

To allow us to identify potential drivers across all three measures, we asked questions to cover every aspect of PR: technical PR skills such as writing, pitching and event management; softer functional elements including creativity, leadership influences and planning capabilities; and finally people-oriented reputational factors that PR teams use to engage and relate with stakeholders. This gave us ten relevant health-check factors within which we could group our questions:

Service quality dimensions	PR factors
People / reputational	<ol style="list-style-type: none"> <li>1. Professionalism</li> <li>2. Engagement</li> <li>3. Relationship orientation</li> </ol>
Functional / integrating	<ol style="list-style-type: none"> <li>4. Resources / budget</li> <li>5. Strategic planning</li> <li>6. Leadership</li> <li>7. Creativity</li> </ol>
Technical / hard	<ol style="list-style-type: none"> <li>8. Media platform</li> <li>9. Measurement</li> <li>10. Techniques</li> </ol>

## OUR BENCHMARK FRAMEWORK CONT...

Finally, we wanted to offer our audience a meaningful way to compare organisations. So we adapted a widely-used framework for measuring service delivery and adapted it for PR and communications to allow us to group participants into five different levels of sophistication, from ad hoc through to optimised status.

### THE FIVE INDEX LEVELS

#### Ad hoc

- Opportunistic
- As and when
- Basic tools

#### Documented

- Plans
- Standard processes
- Basic organisation

#### Integrated

- Part of wider corp comm and marcom mix
- Aligned with overall marketing process
- Customer focus

#### Strategic

- Aligned with business strategy
- Broad stakeholder engagement
- Advanced techniques
- Innovation

#### Optimised

- Highly effective organisation
- Constantly improving

# THE FIRST VITAL SIGN — PR BUSINESS RESULTS

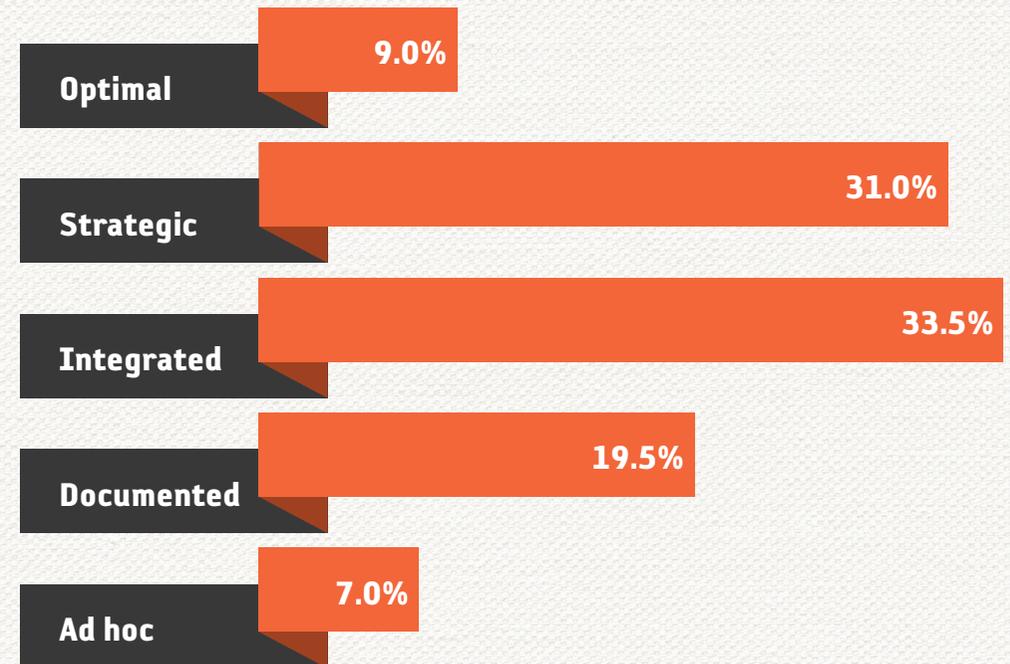
## CONTEXT

While there is an increasing emphasis upon PR outcomes rather than outputs, the practice of linking PR to commercial impacts is still relatively new. As the industry slowly moves away from the comfort zone provided by AVE, we wanted to find out just how far PR teams have come in terms of setting and achieving measurable business goals and which areas to focus on to increase the commercial impact of PR activity. So we looked at whether PR is delivering value for money in terms of ROI, but also value to the business by contributing to financial performance and sales.

## OVERALL BENCHMARK SCORE = 64%

PR Activity and Business Results	Average
<b>OVERALL AVERAGE SCORE</b>	<b>64%</b>
Delivers acceptable ROI	68%
Relates positively to financial performance	64%
Relates positively to sales	61%

## FIVE TIERS OF DEVELOPMENT Organisational Status %



## THE FIRST VITAL SIGN — PR BUSINESS RESULTS CONT...

### WHAT'S GOING ON?

Of the 10 potential PR drivers in our study, the single most important factor with a direct impact upon performance in this area was strategic planning. Our study confirmed that organisations that achieve business impacts set clear performance objectives together with plans to achieve them:

- Within the area of strategic planning organisations are best at aligning strategy and messages closely with overall business strategy, developing clear action plans and at delivering well-structured campaigns for key issues or products.

PR teams are much less effective when it comes to ensuring campaigns are founded on evidence from regular research, at putting a clear mission in place and at setting and pursuing long-term goals.

- Measurement by itself does not guarantee Business Results, suggesting that the industry as a whole continues to focus on measures that make no difference to real commercial impacts.

- Dedicating too much time and resource to ad hoc activity seems to account for a lack of success in delivering business benefits. Past studies suggest that typically around 40% of a company's PR activity is opportunistic; however our research suggests that while PR teams are often praised for proactivity, unless opportunistic activity is clearly aligned to the core messages, it may distract teams from delivering against campaign objectives.
- Finally, it seems that while success in the area of Reputation has no bearing on this area, the level of PR Maturity is a clear indicator of a PR team's ability to deliver Business Results.

## THE FIRST VITAL SIGN — PR BUSINESS RESULTS CONT...

### ROOM FOR IMPROVEMENT

- Invest more time and resource in goal-setting. A clear set of goals is key to understanding what PR teams want to achieve and hence delivering results that contribute to business outcomes.
- Remember the importance of setting a mission. Just under half of PR teams are currently failing to set inspiring overall missions, a key element of strategic planning and one which influences outcomes.
- Make sure PR campaigns are founded upon research-based evidence. Many companies do have systems for tracking audience attitudes; PR should be incorporated into this process. But using research-based evidence doesn't have to be expensive; by tracking the success of previous campaigns, or understanding the motivations of target audiences, PR teams can focus on what delivers, and equally what doesn't deliver, measurable progress against specific goals.
- Stick to the plan! Resist being steered off-course by unfocused ad hoc activity which does not contribute to success against the clear goals against which ROI will be measured.

### KEY TAKEAWAY

If you want to make sure your PR activity has a positive impact upon financial performance and sales, strategic planning is by far the most important area you should focus on improving to help you achieve your goal.

# THE SECOND VITAL SIGN — REPUTATION

## CONTEXT

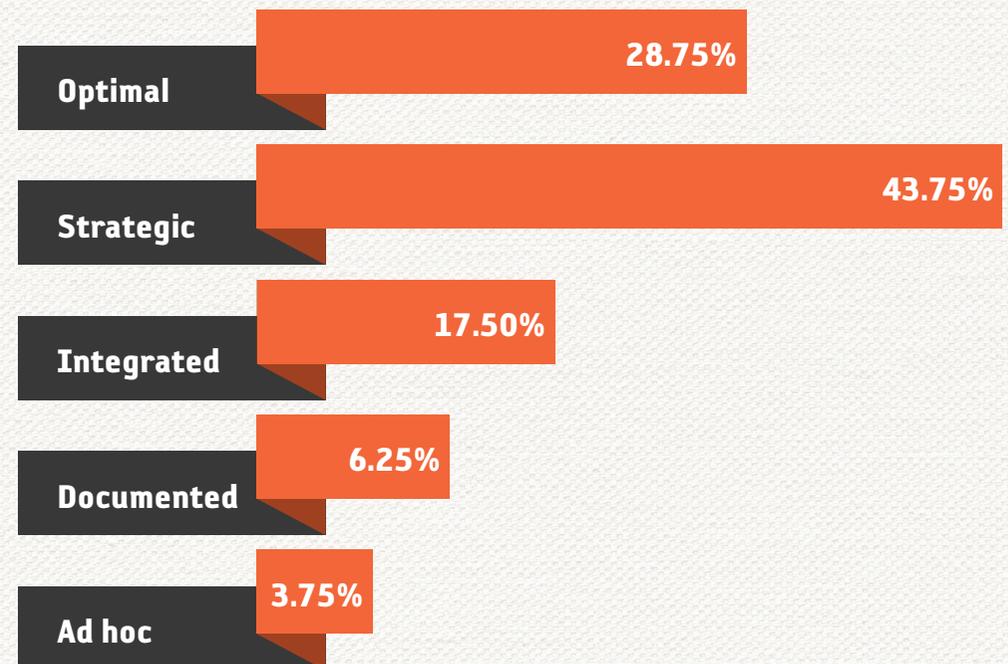
The PR profession has long known that competitive advantage is less about what a firm does and more about what people think a firm is. As well as influencing stock market value, corporate reputation brings many benefits to an organisation including: customer preference in choosing your organisation over competitors offering comparable cost and quality; and stakeholder support, particularly in times of crisis; both very desirable advantages in today's dynamic and competitive global economy. Our second vital sign looks at four key areas to determine how effective PR teams are at building reputational value.

## WHERE WE ARE 76%

PR Activity and Reputation	Average
<b>OVERALL AVERAGE SCORE</b>	<b>76%</b>
Staff positive towards organisation	80%
Overall market reputation	76%
Stakeholders view organisation as 'confident'	74%
Responsive to stakeholder needs	73%

## FIVE TIERS OF DEVELOPMENT

### Organisational Status %



## THE SECOND VITAL SIGN — REPUTATION CONT...

### WHAT'S GOING ON?

Our study discovered that two of the top 10 PR drivers had a direct impact upon performance in reputation management - the strength of the firm's relationship orientation, and with the type and style of its media relations activity. Relationship orientation is very much about how highly organisations value their stakeholders and how this is reflected in the ways they behave towards them:

- Overall the organisations in our study performed best in the area of Reputation Management; our study shows that PR teams are committed and authentic in their approach to stakeholders; they demonstrate clear respect, understand key needs and generally go the extra mile.
- Interestingly, we discovered that bigger is not always better when it comes to Reputation Management; in fact there is actually a small inverse correlation between size and reputation, which may reflect the more personal and intense stakeholder engagement achieved by smaller businesses.
- Our study also suggests that ad hoc media relations can work against the four key elements of reputation that formed the basis of our measurement, once again highlighting the need to align activity with overall messages and objectives.

### ROOM FOR IMPROVEMENT

- **Don't lose focus.** Consider all ad hoc activity carefully and if you do it, make sure it is aligned with campaign objectives and messages.
- **Develop broader perspectives.** Teams need to develop the ability to better manage mixed, potentially conflicting stakeholder perspectives.
- **Think beyond the standard target media list!** Teams need to audit and track carefully all potential influencers in today's diverse communications landscape.

### KEY TAKEAWAY

Organisations that place a high value on respect for all stakeholders and a commitment to relationships will build a stronger reputation through their PR activity. Better planning, broader perspectives and a willingness to track the dynamic influencer landscape more closely will ensure organisations improve upon an already strong Reputation Management performance.

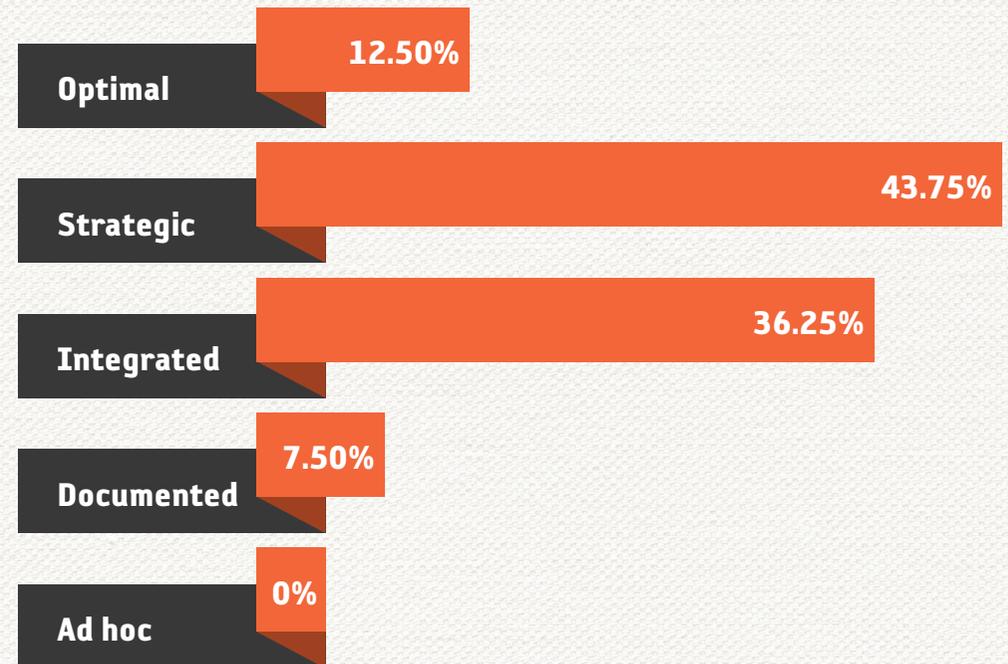
# THE THIRD VITAL SIGN — ORGANISATIONAL MATURITY

The PR function has developed a much broader remit over the last decade: the digital revolution has not only changed the dynamics of media, influencer and stakeholder relations, it has also impacted the way key business functions – such as marketing and customer service – are carried out. As a result PR’s influence is more pervasive, often spanning multiple departments with a requirement to do more, at a faster pace than ever before. Organisational maturity is the ability to respond to the challenges of this new communications landscape.

## WHERE WE ARE 68%

PR Activity and Maturity	Average
<b>OVERALL AVERAGE SCORE</b>	<b>68%</b>
Responsive to emerging comms issues	73.5%
Sustain long-term relationships	73%
Effective at building relationships	72.6%
Able to manage the unexpected effectively	72.5%
Reacts effectively to changing agenda	64.2%
Has well-tested procedures in place for new challenges	54.2%

## FIVE TIERS OF DEVELOPMENT Organisational Status %



## THE THIRD VITAL SIGN — ORGANISATIONAL MATURITY CONT...

### WHAT'S GOING ON?

How can PR functions develop the people, skill-sets and processes needed to foster and maintain organisational Maturity against a constantly evolving backdrop? Encouragingly our study identified three clear factors amongst our Top 10 PR Drivers that have a direct correlation to performance in this area: Professionalism, Leadership and Engagement:

- Like Reputation, Maturity is definitely not a function of size or budget; our benchmark found no correlation between organisational size and Maturity score. Even the smallest player can aspire to high Maturity.
- PR teams' Professionalism provides the necessary foundation for a mature organisation and the standard was high with an overall average score of 71%.
- Leadership is by far the most powerful influence on Maturity and also, with an overall score of 62.5%, the area that offers the most room for improvement.
- PR teams are most effective at shaping and packaging organisational vision, but are less successful in some key areas: exerting greater influence on wider decision-making and policy; stimulating change; and by themselves standing up to represent the organisation externally.
- On an encouraging note, PR teams are creating the opportunity to increase their influence both internally and externally. They have opened the doors to CEO-level esteem and more broadly via effective networking capabilities.
- PR teams are performing well in the area of Engagement, the third clear influence on Maturity, with a strong commitment to authenticity, which secures trust and wins positive attitudes. It also feeds both active audience engagement and, a current holy grail for the industry, collaborative opportunities.
- Interestingly, whereas Business Results and Reputation only correlate weakly, meaning a PR organisation doing well at getting Business Results may not be so good at building Reputation, Maturity aligns strongly with both. So regardless of whether an organisation's primary goal is to get leads or turn around a negative reputation, organisational Maturity will have a strong influence over the degree of success and progress against those goals.

## THE THIRD VITAL SIGN — ORGANISATIONAL MATURITY CONT...

### ROOM FOR IMPROVEMENT

While PR teams score strongly for the softer Maturity measures, such as building and sustaining relationships, there is a clear opportunity to improve performance when it comes to the harder practical execution:

- **Develop effective leadership skills.** As their influence becomes more pervasive in the organisation, PR teams need to ensure they develop the leadership skills required to exert a greater influence on wider decision-making and policy.
- **Increase C-level influence.** PR teams should have the courage of their convictions and play a more confident, active role in their firms.
- **Focus on effective execution.** While PR teams perform well in terms of responding to the unexpected, they could be even better prepared to ensure the quality of the response is higher.

### KEY TAKEAWAY

PR Maturity has a strong influence over success in the other two key areas of Business Results and Reputation: PR teams who want to improve performance across the board should focus on building their influence with the C-suite, creating a strong vision, working continuously to build mutual stakeholder trust through dialogue; and finally operating professionally with integrity and adhering to relevant codes.

# TOP 10 PR DRIVERS — HOW ARE WE PERFORMING?

In addition to discovering what really makes most difference to the three core focus areas of Business Results, Reputation and Maturity, our study also uncovered some interesting insights in terms of overall PR competence and effectiveness.

The table below shows how well PR teams performed in each of the Top 10 PR drivers.

Service quality dimensions	PR factors	Effectiveness score (%)
People / reputational	1. Professionalism	71.0
	2. Engagement	68.8
	3. Relationship orientation	67.7
Functional / integrating	4. Resources / budget	64.8
	5. Strategic planning	63.0
	6. Leadership	62.5
	7. Creativity	60.8
Technical / hard	8. Media platform	51.8
	9. Measurement	50.5
	10. Techniques	68.2

We also discovered some interesting insights:

- There is significant disparity in terms of PR techniques. While social media and writing skills both scored very highly, project management

skills were slightly less impressive and media pitching skills were weak. This is clearly an area to focus on for the future.

- PR teams were rated best on digital, closely followed by print and social, but TV and radio effectiveness scores were very poor, highlighting a massive opportunity for PR teams to improve their performance.
- Our study uncovered a mixed picture with regard to creativity, a quality traditionally highly-prized by organisations. Just under half of respondents in our study claimed their PR team displayed creativity beyond the tried and tested techniques; and creativity seems to exert no significant influence on Business Results, Reputation or Maturity. This represents a double opportunity: for teams to demonstrate active creative value and to link it clearly to outcomes.
- Finally, our results show that measurement isn't really working. Encouragingly, nearly half use some form of offline research and/or online analytics to track stakeholder attitudes and behaviours. But only 44% employ anything more than basic budget and campaign delivery measures for their core PR. Overall, at just 50.5% Measurement attracts the lowest effectiveness score while its execution doesn't relate significantly to any big measure. In short it's a continuing puzzle for the industry and one that this report makes a serious effort to solve by offering a framework to assess the impact of PR tactics upon the outcomes that really matter.

## CONCLUSION

There has been much debate within the industry recently about The Agency of the Future. Our study suggests that we need to continue this debate as the PR function adapts to the challenges of the digital age. As we said at the beginning of the report, if we are to continue to grow and earn respect as a serious discipline, the PR profession needs to find new ways to assess the effectiveness of the PR function, and prove our strategic value to a business against a range of outcomes.

Measurement is key to this, but we have a long way to go in this area. As our study shows, being good at measurement doesn't necessarily mean that PR will deliver value in the areas that matter, suggesting that we are continuing to measure the wrong things. In other words a full cuttings book doesn't really begin to demonstrate the impact of PR upon business outcomes, or even the strength of an organisation's reputation.

And the study highlights the need for a re-evaluation of the traditional PR skill-set. For example, our results show the industry is not doing brilliantly at broadcast PR, , but, in the context of the bigger picture highlighted by our study, how influential are those skills in reaching strategic goals? We know that by far the biggest impact on Business Results is having a strategic communications plan in place and sticking to the plan, not whether you've jumped on an ad hoc opportunity to get your CEO on TV.

Our industry has traditionally prized proactivity, but do we need to rein in PR opportunism and take a more goal-oriented approach? It's easy to

find lots of things to do in PR, but to really make a difference this study shows we must think about how ad hoc activity contributes to the overall communications plan and the organisational goals this supports.

Forward thinkers in the industry have introduced the concept of agile PR. And our study certainly seems to suggest this could be a useful focus. One of the major findings from this research project to date is that Maturity could well be the key moderator influencing PR effectiveness overall. So, putting in place the processes that allow PR teams to respond quickly to changes in the external communications environment, while still focusing on clear strategic goals, may well define the successful PR function of the future. Just as in the real financial world savvy investors learn to check net cash flow first, so Maturity may become the starting point for assessing a PR team's ability to perform.

### Next steps

This study is only a first step. We believe we have uncovered some interesting findings with far-reaching implications for the future development of the PR function, but there is clearly more work to be done.

We will continue to collect data to deliver an ongoing update of the PR industry as well as organisational performance reviews. If you'd like to take part please fill out the survey at [www.emlwildfire.com/vitalsigns](http://www.emlwildfire.com/vitalsigns), or contact **Debby Penton** [debby@emlwildfire.com](mailto:debby@emlwildfire.com).

## METHODOLOGY

### Goal

With this research we wanted to identify a comprehensive framework of target PR outcomes and the drivers (or predictors), and their relevant weights, for those major outcomes.

Through establishing this we aimed to create a toolkit to help clients improve the effectiveness of programmes and activities, as well as assess the current level of achievement across all major dimensions of the PR process.

### Our model

We set out to test the effectiveness of ten hypothesised drivers - professionalism, leadership, strategic planning, relationships, engagement, creativity, resources (people, finance etc.), platforms (print, broadcast, social etc.), key techniques (the skill-base), and use of metrics - against three major outcomes: Business Results, Reputation and Maturity.

Then, for benchmarking and comparison, we adopted the five-level ITIL operational framework, ranging from Ad hoc to Optimised performance.

### Process

Initially, we built measures or scales (groups of questions or variables) for each of our 13 proposed constructs (ten drivers + three outcomes). Then after initial tests, which helped us refine our online questionnaire, we rolled it out to in-house personnel with responsibility for PR at 80 different businesses, from global market leaders to SMEs in Spring 2013.

In analysing the results we found that 11 of our proposed constructs exceeded the required reliability level for serious research. That's  $>.7$  (Cronbach a test, 0-1). The remaining two were  $>.6$  which is normally acceptable in this type of exploratory research. This gave our findings firm foundations.

The principal multivariate technique adopted in this initial study is stepwise-based multiple regression analysis (MRA) – with significance allowed at the 95% level as appropriate to exploratory research.