BACKGROUND

Over the last couple of years, Booz Allen Hamilton has engaged in global research into the perceived, and actual, gaps that exist between communicators and the C-suite about measuring the value of communications activities. This included more than 500 survey participants throughout the timeframe as well as almost 40 in-depth qualitative interviews. Most recently, in April/May 2013, more than a dozen in-depth interviews were conducted with C-suite executives across business sectors in the United States and Europe.

This exploratory research provides insights on:

- Business Key Performance Indicators (KPI) utilized by the C-suite
- Current measures of communications effectiveness
- Expectations of the C-suite with respect to communications effectiveness—disconnects, frustrations, and challenges
- Ways the communications function can align more closely with business metrics and KPIs used by the C-suite.

QUESTIONS

A number of questions were posed to the C-suite executives during the most recent in-depth interviews including the following:

- What are the key measures and performance indicators you/your executive suite use to measure business units/product lines?
- What do KPIs tell you if the business is doing well/on track?
- Is there a dashboard or scorecard published throughout the company? What KPIs are tracked on that dashboard or scorecard?
- Does your communication function or outside PR consultants provide quantitative measures of communications effectiveness? If so, what are those measures? Do these measures mesh or fit with the overall business KPIs?
- Is measuring communications effectiveness a priority for your organization? Why or why not? What are the obstacles or roadblocks?
- What metrics does your organization have in place today to assess communications effectiveness?
• In an ideal world, what metrics would you like to see developed to better measure communications effectiveness and return on investment (ROI) for your organization?
• What does your communications team need to tell/show you to demonstrate the impact of communications? If they talk about metrics, what words, phrases, or concepts should be part of those metrics?

**C-SUITE INTERVIEWEES INCLUDED**

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<tr>
<th>Title</th>
<th>Industry</th>
<th>Region</th>
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<tr>
<td>Chief Executive Officer</td>
<td>Public relations services</td>
<td>UK</td>
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<td>Global Head of Media Relations</td>
<td>Industrial/mining</td>
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<td>Head of Communications</td>
<td>Financial services</td>
<td>Belgium</td>
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<td>Chief Executive Officer</td>
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**KEY INSIGHTS**

• It’s not enough to “sell” a specific method of measurement or metric. The need for quantitative measurement itself has to be addressed, or the message may be dismissed by a significant portion of the audience.

• Speaking “the language of the C-suite” implies positioning communications as a means to an end – better financial performance. The senior communications executive, often a member of the C-suite, must speak and lead with the business end in mind.

• Senior level communications executives should engage in their staff an alliance with the organization rather than the function. In other words, teach others to act as a businessperson first and a communications person second.

**KEY FINDINGS**

• Business KPIs are highly quantitative, but not always widely published throughout organizations.

• Current communications effectiveness metrics are largely measures of output rather than measures of outcome or ROI.

• Respondents are divided on the importance and desirability of quantitatively measuring communications effectiveness and ROI.
  – Some believe that communications is an inherently qualitative discipline to be managed more by intuition and “feel” than hard numbers.

  – Some believe that communications is a relatively small portion of their company’s budget. Developing and implementing quantitative measures of communications effectiveness is an ineffective use of money and time.

  – Those in the digital space and most familiar with measurement say that communications should and can be quantitatively evaluated, and communications is at a disadvantage within the C-suite without such metrics.

• Even executives who disagree regarding the necessity of quantitative measures of communications agree on a set of behaviors and attitudes that help communications integrate more effectively with the C-suite.

• Communications executives need to think, speak, and behave as a businessperson first and as a communications professional second.

• The communications function must plan, budget, and implement initiatives with respect to business objectives.

• Structurally, communications departments should consider whether drawing a line between internal and external communications still makes business sense. There is a feeling that the lines are blurring here.

• External parties—including PR consultants and industry-specific experts—can help the communications function inform and influence the C-suite.

• Quantitatively measuring the impact of a specific communications initiative can provide a positive “halo” around all communications activities.

**DETAILED FINDINGS**

*Business KPIs Are Highly Quantitative, But Not Always Widely Published*

• The high level communication and C-suite executives surveyed could easily identify and list the KPIs valued by their executive suite.
• Common business KPIs fall into four broad categories.
  – **Revenue, profit, investment, and volume indicators:** comp sales, earnings before interest, taxes, depreciation, and amortization (EBITDA), earnings per share (EPS), patient census, net present value (NPV) of investments/projects
  – **Financial market measures:** share price, share price compared to peer group
  – **Non-financial internal measures:** sales “win rates,” safety metrics (injuries/200,000 hours worked), environmental metrics (greenhouse gas emissions intensity), employee retention numbers, employee engagement survey
  – **Competitive market metrics:** primarily survey-based measures like net promoter score (NPS) or brand health index (BHI), Interbrand global brand report

• Most report that these indicators are published primarily for senior management. Few make this data available broadly to all employees via a company dashboard or scorecard.
• Most report this data on a monthly or quarterly basis. One healthcare executive indicated her company maintains its KPIs on a real-time basis.

**Some Are Skeptical About the Value of Quantitative Measurement**

Some executives report that they provide no quantitative measures of communications effectiveness, and senior management has expressed little desire to see such measures. Simply knowing all the ways communications are entering the marketplace can be a challenge at diverse, decentralized companies.

**Measures of Communications Effectiveness Vary Widely**

The most common quantitative PR measures were measures of output.
• Volume of media coverage
• Share of voice versus competition
• Tone of coverage
• Pickup of key messages
• How many press releases are picked up and become news content
• Articles in “top tier” and “second tier” publications/outlets
• Pickup of financial versus product-related press releases

**Tracking/Sharing Media Coverage as Well as**

Tracking Leads Through the Sales Pipeline Are Common

Many prepare a daily or weekly e-mail, summarizing media mentions, with links to full articles. In addition, many track leads generated by specific media coverage or event. Examples include the following:
• The number of qualified leads generated by a trade show booth that was planned and manned by the communications function
• The number of calls into a phone center after a major story runs—customer service reps ask “how did you hear about our hospital today?”

Generally, communications executives view their function in the long run, rather than on an initiative-by-initiative basis.

**The Most Common Quantitative PR Measures Come From**

Brand Strength Surveys

Many cited survey-based measures of awareness or brand strength as relevant measures of effectiveness.
• NPS
• BHI
• National awareness—aided and unaided
• Global stakeholder engagement survey

**Some Are Linking PR to Financial Measures**

The most quantitative PR professionals tended to be in highly digital businesses. Others simply feel that PR does not purport to be a science, and therefore quantitative metrics are less likely to be expected.

**Respondents are divided on the importance and desirability of quantitatively measuring communications effectiveness and ROI.**

**Measurement is a gap for us. You’ll see people with clip reports, or saying we’re up 25 tweets. What does that mean?”**
Some See a Need for Quantitative Measures

Opinion was divided on the need for quantitative measures of public relations effectiveness. Some believe PR must develop quantitative measures in order to demonstrate its true value and claim a bigger share of the marketing “pie.”

Others View Quantitative Measurement as a Waste of Time and Resources

Some believe that PR defies quantitative measurement. It is by definition longer term and relationship oriented. Money spent on measurement would be better spent on PR initiatives themselves.

All Agree that Closer Integration with the C-suite Benefits Communications

- Most respondents believe the C-suite understands and values communications, despite a lack of hard data.
- Public relations executives and departments can set themselves up for success with the C-suite, even without quantitative measures.
- Executives shared attitudes and behaviors that help PR “get a seat at the table” and earn the respect and consideration of the C-suite.

How Communications Gets ‘A Seat at the Table’

Communications executives need to think, speak, and behave as businesspeople first and as communications professionals second. Demonstrating that you understand the business strategy and the profit and loss (P&L) impact is key. Communications should be positioned as an enabler of growth and an investment that brings value back to the company.

Fully Embrace and Link Communications to Business Objectives

Link to business objectives and think strategically:
- What is the business objective?
- What stakeholder audience do we need to influence?
- What barriers exist?
- What communications activities best reach the audience and support the business objective?

Consider Your Structure and the Use of Third Parties to Maximize Impact

Consider getting rid of the artificial distinction between internal and external communications. Also, consider leveraging third parties (PR consultants, industry experts) to help inform and influence the C-suite.

When There is an Initiative that Lends Itself to Quantitative Measurement, Take Full Advantage

When you have an initiative that lends itself to quantitative measurement, take advantage of it. This can provide a positive “halo effect” around all communications initiatives.

FOR MORE INFORMATION

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“...there has been a sustained and quite scandalous lack of curiosity on the part of the PR industry ...about why what we do works. Clients are more and more interested in ROI ...I think there’s a lot of data masquerading as ROI, which is just people counting more and more grains of sand.”