

THE FUTURE OF

EXECUTIVE SUMMARY SEPTEMBER 2023

CORPORATE COMMUNICATIONS



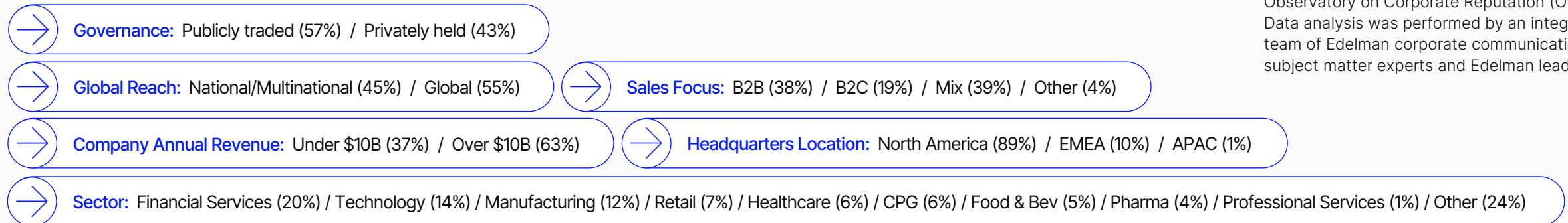
The 2023 Future of Corporate Communications Study, by the numbers

218 / Survey Participants **3** / Months of Research **20+** / Interviews and Conversations

Our research included two tracks: a quantitative survey instrument fielded to N=218 communications leaders in June 2023, and in-depth interviews in July and August with N=20+ communications leaders. All respondents were C-level heads of communications (CCO or similar title) from participating U.S.-based organizations across the Fortune 500 and Forbes Global 1000.

Our survey leveraged a combination of trend identification and functional benchmarking (e.g., scope of responsibilities, operational models, budgets, investments). Interviews focused on the strategic positioning of the corporate communications function and forward-looking insights around trends, pressures, future growth and investment.

The survey was conducted by Edelman Data x Intelligence (DxI), an independent research firm and part of the DJE family of companies, in partnership with Craig Carroll and the Observatory on Corporate Reputation (OCR). Data analysis was performed by an integrated team of Edelman corporate communications subject matter experts and Edelman leaders.



2023 Future of Corporate Communications

Key Insights

1.

Communications leaders have cemented their place as critical strategic partners

Communications leaders are increasingly informing and advising the enterprise on strategy. CCOs today say they spend nearly one-fifth of their time, almost one day a week, advising the CEO on non-communications activities. But with elevated positioning comes expanded responsibility, and the pressure from Boards, CEOs, and the rest of the C-suite is mounting. Communicators are expected to manage a vastly expanded set of stakeholders, yet resources are not keeping pace with the new reality.

2.

Communicators inform and guide enterprise decision making from a central position as a connector

Discerning and interpreting signals from the expanding stakeholder set is of growing importance to the C-suite. The insights gained help CEOs make more informed decisions regarding when and how to address issues and drive change in an uncertain environment. Actionable data must be at the heart of an advanced communications function: a trustworthy source of knowledge that brings clarity, greater certainty, and predictive value to strategic decisions. This need for more quality data across the multistakeholder, cross-functional reality is a driving force behind the centralization of the communications function.

3.

The enterprise agenda is driven by a new multistakeholder dynamic, which CCOs and their functions manage from the inside out

Employees are more important to the enterprise than ever, and the employee community is also more complex. The communications function is increasingly held accountable for ensuring that employee concerns are heard and the social issues they care about are addressed. In this moment of heightened complexity, organizations are recommitting to their purpose, calling on communications teams to drive decision-making and strategy related to purpose, in addition to shaping the actions and communications that result in organizations being purpose-led.

4.

Communications leaders will be at the center of shaping the next phase of stakeholder capitalism

Communications leaders are already adjusting and aligning priorities to address new challenges. The change, adoption, and integration of technology in communications is happening rapidly, but not without challenges. ESG will continue to be a force for good whose murky nomenclature will fall to communicators to solve. And the geopolitics of this year and next necessitate deep, meaningful cross-functional partnerships to ensure communicators are truly positioned to support value creation and protect against risk.

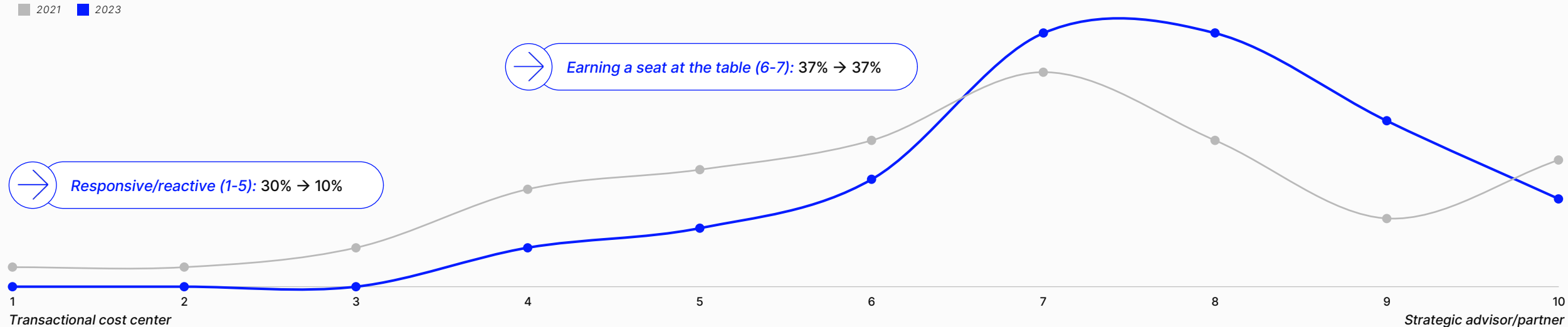
Communications leaders have cemented their place as critical strategic partners

Communications leaders are increasingly informing and advising the enterprise on strategy

Today, more than half of communications leaders surveyed consider themselves to be a strategic advisor or partner to business leaders in the organization, compared to just over a third two years ago.

The Communications Function Continuum

On a scale of 1 to 10, with 1 being transactional and 10 being full strategic advisor/partner, how is your communications function currently regarded by business leaders in your organization?



Demands on communicators continue to expand, but resources are not keeping pace

CCOs tell us *that nearly one-fifth (18%)* of their time today is spent counseling the CEO on non-Comms activities.

That's the equivalent of almost **one full day a week**.

Forces most impacting the comms function and agenda:

1. Demands from **boards of directors** and other senior leaders
2. Pressure to engage on **social issues**
3. Anticipated changes in **regulatory environment**

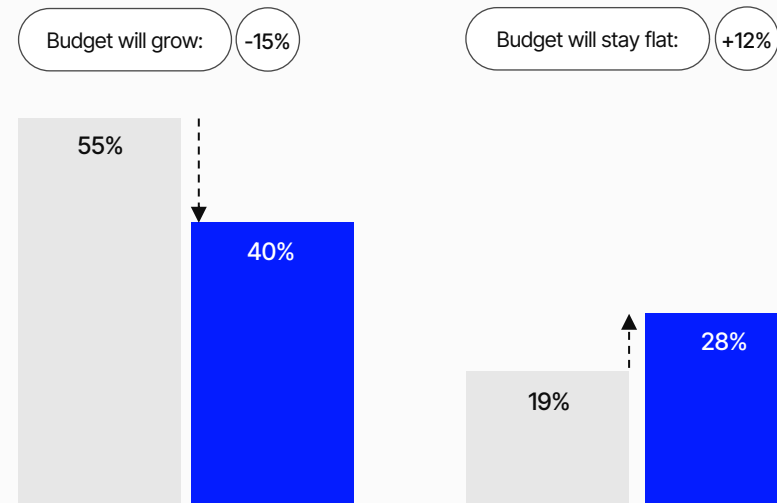


There's a thousand percent greater demand and frequency of demand on our function than there was just a few years ago.



Our CEO sees the value in the function as a whole, and we've discussed what's needed, but it's still not a huge budget.

Budget expectations for this coming year: ■ 2021 ■ 2023

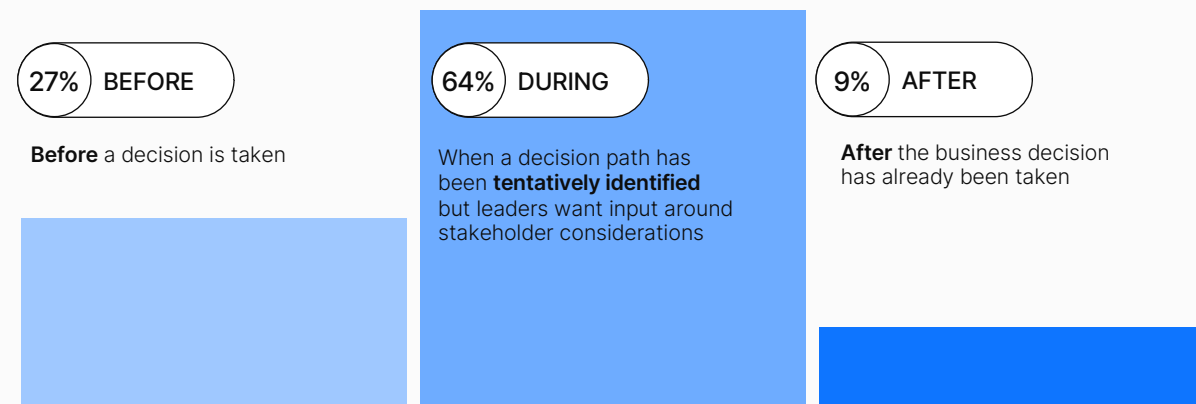


Communicators inform and guide enterprise decision-making from a central position as connector

Communications has a guiding role in business decision making

Communicators are being asked to inform executives ahead of final decisions, rather than merely executing on them. And they are structuring their teams in more centralized and streamlined ways in the effort to align more closely to strategic priorities.

I am typically brought into the conversations about important business decisions with other senior leadership...



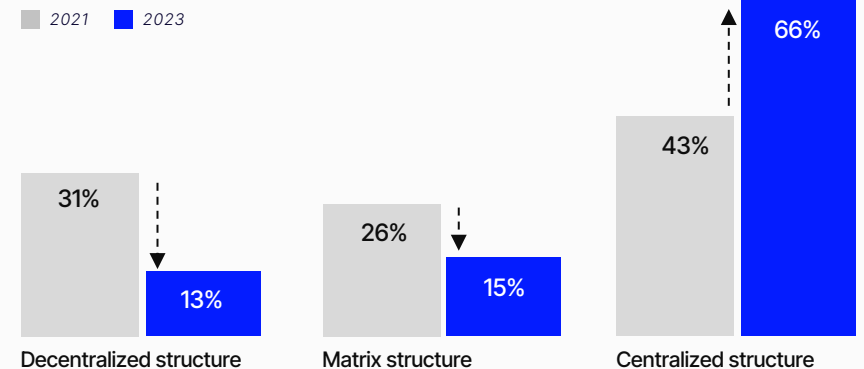
My relationship with the CEO has evolved. There are now more touchpoints, more access, more awareness.



We're absolutely brought in immediately. We're seen as a critical part of the team. It's the "well-oiled machine" part where it gets more challenging.

Functions are trending toward centralization

How is your communication currently structured?



Actionable data must be at the heart of an advanced communications function

The communications function today is balancing investment in both the tools and the talent needed to uplevel data-driven decision making. But the pace of change and the speed of risk is radically accelerated.

“Data quality is critical, so we’re investing more in data scientists and people with analytical skills. Data is our fuel.

“I think it would be a grave mistake for anyone in our field to think that these things are not going to be a big, maybe central part of what we do for a living.

“There are internal tools that would provide more accuracy in data and reporting. There are platforms we don’t have that we need.

“It only takes one crisis to realize the importance of good, quality data and facts, versus hearsay.

54%

say that the value of commstech is only as powerful as the interpretation and application of the data

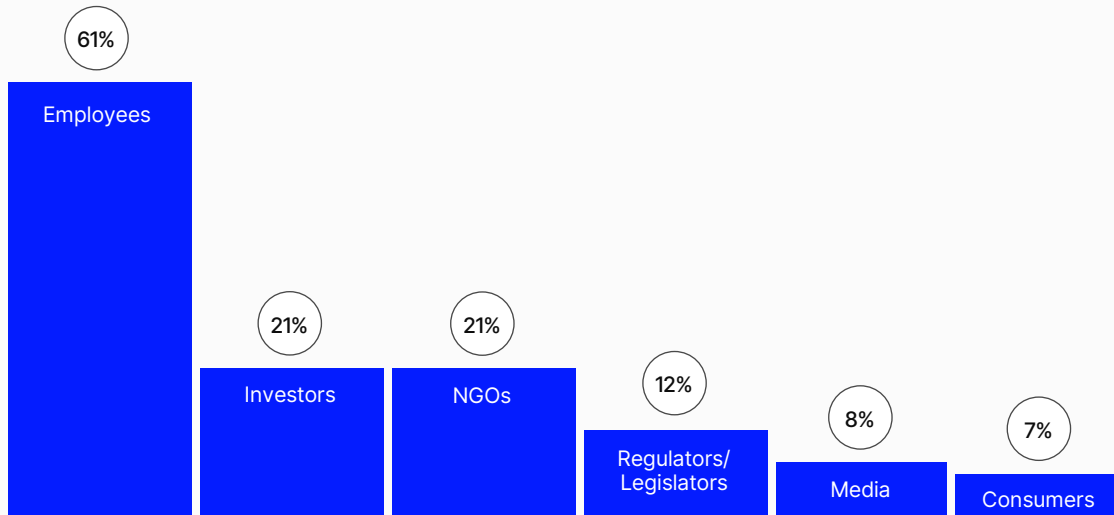
44%

say that they are investing more heavily in communications technology than they did last year

The enterprise agenda is driven by a new multistakeholder dynamic, which CCOs manage from the inside out

Employees have reshaped the stakeholder landscape, particularly around social issues, and CCOs are held accountable for navigating it

Employees are putting the most pressure on organizations to act on social issues:



Communications functions most expected to help drive culture and employee experience through:

1. Ensuring clear communication and transparency
2. Maintaining a positive and supportive work environment
3. Providing opportunities for feedback and employee voice
4. Fostering a diverse and inclusive workplace



I don't really think about it from a communications perspective anymore. It's a broader corporate affairs lens, in terms of both corporate reputation and corporate character. How do we think about managing our stakeholders end to end?

Communications leaders will
be at the center of shaping
the next phase of
stakeholder capitalism

Future-proofing the communications function means aligning to the new reality

76%

say that ESG considerations are mostly or fully integrated into their communications strategy

Top 3 needs to help comms drive business and impact outcomes related to ESG:

1. Better data & analytics to measure impact & effectiveness
2. Increased budget for comms activities
3. Increased enterprise action related to ESG



We regularly hear from our employees on areas where they want us to do better. **That's a healthy tension, when our employees are asking us to take a more thoughtful stance.**

The CCO of tomorrow

CCO turnover is a reality. As the role evolves, expectations for leaders stepping into the role reflect the function's agenda of the future.

*Compared to longer-tenured leaders, CCOs with their company **less than five years** are:*

-
- more likely to say they **collaborate with the CEO** on communications strategy (90% versus 80%)
 - more likely to feel their CEO has a **closer working relationship** with them than with their organization's CMO (69% versus 54%)
 - less likely to say that **pressure to engage on social issues** is impacting their communications function and agenda (20% versus 35%)

*CCOs of **all** levels of tenure:*

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- spend **more time with the CEO and Board than ever before**, and expect to continue doing so
 - spend a significant amount of time on CEO and enterprise challenges **beyond traditional communications**

Key Considerations for Communications Leaders

1.

Key stakeholders, and what influences them, are evolving. Is it time to update your stakeholder map?

Who are your most important stakeholders, where are they getting their information, and what is influencing them? It is critical for communications leaders and their teams to understand how key stakeholders are showing up and what motivates them in order to anticipate and mitigate challenges and take advantage of opportunities.

2.

The business case for communications needs to be airtight. Is it time to revisit how you are tracking ROI?

The days of measuring communications performance solely through the lens of media impressions and sentiment are in the past. That said, proving the ROI of communications is an imperfect task as the stakeholder landscape and enterprise demands are rapidly evolving. Asserting ownership over the unmet need to demonstrate communications' measurable value will put you on equal footing equal with other functional leaders, ensuring you are viewed as an expert who leverages data driven to inform and drive enterprise outcomes.

3.

Communications is increasingly data-led. Are you exploring new ways to incorporate data into your function, and is your team willing to learn, stretch, grow and innovate?

Technology-enabled solutions (including Artificial Intelligence) and other predictive technologies are being piloted across internal and external communications channels in an effort to scale the function. At the same time, as the impact of the communications functions continues to expand to inform and influence more internal activities, it is more important than ever to engage other leaders to understand and address the challenges and opportunities that lie ahead. This means going beyond data points and approvals and pushing to develop comprehensive solutions together as a team.

4.

Employees have solidified as an important and vocal stakeholder group. Do you have mechanisms in place to accurately track employee sentiment, and are you pulling employee voice through to drive action?

Annual pulse surveys have long been the norm and remain important, but some communicators are leveraging tools typically reserved for customers and investors to track employee sentiment in real time and genuinely harness employee voice as an input to executive decision making. This includes satisfaction surveys following key announcements, message testing, and focus groups, along with programs and processes to demonstrate how employees are shaping the enterprise for the future.



What I hope is that, as corporate communications professionals, we continue to be seen as a single source of truth.

We're tapped for a 360-degree type of knowledge. If we can deliver on that, it will only increase our seat at the table.

How Edelman can help

To have a deeper discussion about your enterprise's approach to corporate communications, your team's current challenges, and your function's readiness for the future, please contact your relationship manager or a leader across Edelman's Corporate Practice.

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Thank you
