

## Part 2

# Communication strategy and leadership

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## Chapter 5

# Strategic communication and the entrepreneurial role of the corporate communication officer

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### Learning objectives

Having read this chapter, you should be able to:

- list the most significant indicators of the growing role of the communication function within the organizational structure of large Italian companies
- explain which are the three components of the strategic role of communication that have been delineated by schools of the literature
- explain what is meant by the term 'communication-oriented organization'
- describe how entrepreneurial organization theory contributes to an understanding of the strategic contribution of communication to decision-making processes

## INTRODUCTION

Considering the recent evolution of the communication/PR profession in large organizations both private and public, many scholars agree that a process of institutionalization is occurring. In other words, communication's importance has been growing, reaching in recent years a strategic position as a lever for companies' governance.

A first objective of this chapter is to describe, looking at management and communication/PR literature, how and to what extent communication has become strategic. The main hypothesis is that communication has become strategic within companies' governance in order to help each organization to develop consistently – mainly in terms of values – within its environment.

A second objective is to describe, looking at the entrepreneurial organization theory and communication/PR literature, another side of the strategic evolution of communication, which is to help each organization to develop – mainly in terms of services, products and reputation – as a different, or preferably unique, entity as compared to the other organizations.

The evolution of the strategic contribution of communication/PR within organizations' decision-making has a strong impact on the role that corporate communication officers (CCOs) play in organizations both on the isomorphic and on the entrepreneurial–innovative sides of the communicational activity they carry out to support the evolution of their organizations.

## INSTITUTIONALIZATION OF CORPORATE COMMUNICATION IN COMPLEX ORGANIZATIONS

Corporate communication has undergone a profound evolution, which has increased its strategic importance in the governance and success of complex organizations (Invernizzi, 2004; Invernizzi and Romenti, 2009).

This evolution has created the basis for the ongoing process of institutionalization where the role of communication is ever more important, because it contributes to the strategic management of organizations and increases their overall value (Grunig, Grunig and Dozier, 2002). Many scholars, drawing from different disciplinary perspectives, have contributed to explaining how corporate communication helps the strategic management of organizations and, therefore, strengthens the processes of institutionalization.

*Organizational communication scholars* (Putnam and Nicotera, 2009) focus on the activation of the construction of a shared organizational reality. By engaging organizational members, they contribute to the shaping of organizational behaviours. *Public relations scholars* (Ledingham and Bruning, 2000) focus on the strategic management of relationships with key publics and influential stakeholders. *Corporate communication scholars* (Argenti, 2008; van Riel, 1995) focus on planning and organizing leadership, vision and all the activities aimed at enhancing corporate reputation.

An important process of evolution in the role of company communication has been underway inside complex organizations since the 1990s. This process highlights the strategic contribution that communication makes to both the management and the organizational development of a company. Data, obtained from a 2011 research project conducted in Italy (Invernizzi, 2012), in line with trends that have emerged from similar studies in the US (GAP Study, 2008) and Europe (Moreno et al., 2009), shows that the role of the communication function within the organizational structure of large Italian companies is progressively growing in importance.

The most significant indicators that can be cited in that regard are *the growth in the number of corporate communication departments, the inclusion of a communication manager in the dominant coalition, and an increase in specialized technical communication activities* carried out within companies.

### The growth in the number of corporate communication departments

Organizations' communication managers are more and more frequently CCOs. In the past 15 years the number of CCOs in large Italian companies has increased exponentially: from 22 per cent in 1994, to 55 per cent in 2004, to 78 per cent in 2008 to 86 per cent in 2011.<sup>1</sup> In all cases, these managers report directly to the CEO, just as happens with the more consolidated departments of human resources, manufacturing and marketing. The constitution of a communication department undoubtedly necessitates considerable qualitative and quantitative changes in a company: increased responsibility and more tasks to carry out, a growing number of persons to manage, and new demands on strategic, organizational and administrative coordination.

### The inclusion of the communication manager in the dominant coalition

A large majority (67 per cent in 2011) of the communication managers in large Italian companies participate in the executive committee and 61 per cent declare that their proposals are taken into serious consideration by the top management of the company. Even though lower than the 86 per cent of cases in which a communication department led by a CCO exists, these percentages nevertheless show that the majority of communication managers are involved in strategic decision-making, and that they contribute to formulating strategies (corporate, competitive and functional) and corporate policies in various administrative phases.

The aforementioned percentages acquire greater relevance when compared with data on the level of innovation in large Italian companies. In the more innovative companies, the percentage of cases in which the proposals of the communication manager are taken into serious consideration rises from the

average 61 per cent to 82 per cent. This is proof of the contribution communication can make to corporate development and organizational success.

### The increase in specialized technical communication activities

New specializations have gradually arisen alongside the more traditional activities, such as media relations, event organization, internal communication and public affairs. Some of these specializations have been created within communication departments, such as those for corporate social responsibility and crisis communication. Others have arisen in the departments with which they have affinity of content: a typical case is the investor relations function or financial communication, which is often created within the finance and controls divisions. Among the specialized activities characterized by consistent growth is internal communication, the diffusion of which in Italian corporations grew from 52 per cent in 1994, to 91 per cent in 2004, to 96.3 per cent in 2011.

An analysis of the actual state of large Italian companies thus shows the growth of the importance of the communication function and of the role of its manager. Communication is considered more and more a managerial function that contributes to organizational efficacy, equal to the other managerial functions traditionally included in the dominant coalition. Consequently, the importance of the strategic component of the role of the communication professional has grown significantly, compared to the traditional technical-tactical components.

The increase in the importance of the function in Italian corporate organizational structure, together with the growth of the strategic aspects of the role of its manager, creates the indispensable conditions that allow communication to contribute significantly to organizational efficacy (Grunig et al., 2002). This contribution attains its fullest value when communication is systematically involved in strategic decision-making rather than being limited to communicating the decisions taken by other company functions.

But how can communication contribute to the efficacy of strategic decision-making within the corporation? And how can this contribute to organizational success? As we shall see in the following section, there is no single answer.

### THE STRATEGIC ROLE OF COMMUNICATION TO SUPPORT ORGANIZATIONAL ISOMORPHISM

Publications on corporate communication and on public relations have given diverse meanings to the concept of the strategic contribution of communication in decision-making, praising its multiple potentiality, and delineating the implications in the process of creating corporate value (Hallahan et al., 2007). Three components, emphasized by scholars of communication, highlight the

concept of the strategic contribution of communication to corporate governance from different perspectives: the contribution of communication to the *definition and diffusion of corporate strategies and guiding values*; the *analysis and interpretation of the organizational context*; and, lastly, *the activation of symmetric relationships with company stakeholders*.

- **Corporate strategies and guiding values**

Some scholars (Argenti, 2008; Cornelissen, 2008; van Riel, 1995) define as strategic those communication activities which make known the contents of company strategy and important corporate decisions to key stakeholders, both internal and external. The communication activity focuses on what to communicate in order to obtain the desired effect (Stroh, 2007). In the case of internal stakeholders, communicating the decisions regarding strategic company choices serves to channel collective energy to a common goal, consistent with company mission and guiding values.

In the case of external stakeholders, strategic communication activities are essential to shaping a single, clear company position in the minds of its stakeholders as well as to developing a solid long-term reputation (Cornelissen, 2008). These studies stress the importance of concerting all communication activities so as to ensure the coherence of messages sent and the strategic intent of the organization (van Riel, 1995).

Such coherence is reinforced by appropriate coordination between the departments and professionals responsible for communication, with consideration given to the content, tone, and style of the messages (Argenti, 2008). This component of the strategic contribution of communication partly corresponds to the technical-managerial role (Van Ruler, Verčič and Balmer, 2002; Invernizzi, 2004) which, in 2011, the communication professional occupied in 96 per cent of large Italian companies. That is to say, the role focuses on the ability to plan and design communication activities and on having a full grasp of specialized language which facilitates key interlocutors' understanding of these messages.

- **Analysis and interpretation of the context**

Communication plays its role at the increasingly porous and fragile boundary between the organization and its reference environment (White and Verčič, 2001). From this viewpoint, communication exercises a function of *boundary spanning*. The fact that it has a boundary function gives corporate communication a privileged position for observing and interpreting the context in which an organization operates, and this is considered a central theme in strategic management studies to guarantee long-term corporate survival. The theme has become progressively more crucial as the corporate social profile has expanded, that is, with the increase of counterparts and with the increase in the urgency and pressure of their requests.

The monitoring and interpretation of the ongoing dynamics in *environmen-*

*tal scanning* are thus an important component of communication's strategic contribution to decisional processes and can be conducted on two levels: the *issue and public* level and the *company stakeholder* level. In fact, the analysis may be applied first to the variables which the organization is powerless to influence (*issue*), but which may have a direct impact on organizational performance or which may indirectly act on the stakeholder groups that are strategic for the organization itself.

Examples of variables of this type are the spread of revolutionary production technology or of innovative consumer trends. Sometimes these variables catalyse the attention of public opinion and activate groups (*publics*) which, although not part of the company stakeholder category, may nevertheless exercise pressure on the stakeholders and influence their attitudes and behaviours with regard to the company.

Second, the analysis of the ongoing dynamics may be applied to the company stakeholders and aim at mapping out the prominent persons among them (Mitchell, Agle and Wood, 1997), monitoring not only the changes in quality of their relationship to the organization but also their more or less explicitly expressed expectations and needs (Grunig et al., 2002; Hamrefors, 2004).

Research on organizational context therefore permits communication to offer a strategic contribution to company decisional processes feeding the gathering of information, which, at a later stage, contributes to the formulation of choice options (*feeding*). Through such activities, communication stimulates management to formulate strategies and processes aligned with the ongoing dynamics in the company social context and with the most relevant expectations of stakeholders, rather than just limiting itself to considering its own interests only (Steyn, 2007). This facilitates the progressive legitimization of the company in its environment, which is a necessary condition so as to maintain its long-term 'operating licence'. This strategic component of communication is a central element in the role of the communication professional, and has been thus termed 'strategic-reflective' by several scholars (Van Ruler et al., 2002; Invernizzi, 2004).

This role gains relevance only when it is completed by a similarly significant 'consultative-formative' role, whose founding element is the process of attribution of meaning to the information gathered. The interpretation of the information gathered, and the attribution of sense and meaning to it, is part of the process that Weick (1995) termed 'organizational sense-making'. By including communication in the dominant coalition, the process of sense-making gains a more complete and articulated outlook, that is, that of the company as well as of all the interested parties within it (Van Ruler et al., 2000).

The role of sense-making can be utilized from inside to outside the corporation and can consist of pinpointing in advance the communicative aspects of decisions taken, of the strategic options the organization has at its disposal, and of the specific strategic objectives. In particular, the relevant aspects



include the attitudes and behaviours of the stakeholders, and the resulting impact that strategic decisions can have on the quality of the relationship network and on the value of the corporate reputation. Sense-making from outside to inside the organization is also essential so as to understand both the impact and the consequences of issues on the decisional, productive and managerial processes.

• **Activation of symmetric relationships with company stakeholders**

Public relations scholars have traditionally identified the development of solid, lasting, and symmetric relations between the organization and its stakeholders as the strategic objective of communication (Ledingham and Bruning, 2000; Grunig, 2001; Ferguson, 1999). Even postmodern theoreticians, when referring to theories of complexity and chaos, have underlined the importance of this objective and affirmed that communication professionals should follow a proactive role within their organization (Holtzhausen, 2002).

This role implies abandoning short-sighted management attitudes dedicated primarily to defending their own areas of interest (*buffering*), but instead dedicating their energies to encouraging greater open-mindedness on the part of the organization to its reference environment, welcoming *stimuli* coming from outside, and valuing the wealth of opinions, positions, and experiences which constitute the organizational context.

Assuming an approach of this type means building bridges between the organization and its most important stakeholders (*bridging*), as well as activating and facilitating the participation and involvement of company members, while taking care to maintain a balance between the weight of their voices and those of the management of the organization.

This line of research is the concrete expression of what Knights (1997) defined as a postmodern approach to the strategic management of a corporation, where the efficacy of decision-making increases proportionately to the number of participating members, that is, proportionately to the wealth of points of view and experiences. Strategic decisions should, therefore, be rooted in the interchange between the organization and its most important interlocutors, rather than being defined autonomously by the dominant coalition (Stroh, 2007).

Communication professionals acting as activists should concentrate more on facilitating rather than on managing communication, thus contributing to creating processes which have meaning and which attribute priority to the strategic options of the organization (Holtzhausen, 2002). The postmodern approach emphasizes the fact that corporate life is continually characterized by paradox and originates in dialogue among its principal figures. The meaning of organizational action, in fact, is created through constant interaction, participation, continuous change and self-regulation among the corporate parts. Thus diversity contributes to feeding the decisional, managerial, and productive processes with ever-new knowledge.

The literature highlights three components of the strategic role of communication, or three ways in which communication contributes significantly to the corporate decision-making process. Each of these aids in developing the efficacy of the strategic decision-making, managerial and operational processes in general, but, nevertheless, places special emphasis on given moments of the decisional processes.

The strategic contribution of the activities that build symmetric relationships with key stakeholders is, for example, particularly important in the initial phase of the decisional process, the phase that defines the problems which catalyse the attention of the management. The problems that give rise to the decisional processes should, in fact, be rooted in an ongoing interchange between the organization and its reference environment. It is in this interchange that the communication professional can play the role of activist and facilitator.

In particular, the activity of analysis and interpretation of the organizational context can contribute to the formulation of the strategic options available to the manager as well as guide him/her towards the most suitable choice. Through such activities managers can, in fact, understand which dynamics within the organizational context may impact decisional processes and, at the same time, what the communicative consequences could be of the various options available.

Lastly, communication can make a strategic contribution to the corporation by making known to key interlocutors the contents of company strategy and of the most relevant decisions taken. The professionalism of the communicator is in this case important in selecting the language best suited for the desired effect as well as in selecting the most appropriate techniques and messages. This strategic contribution of corporate communication is traditionally considered most important. In fact, it supports the implementation of decisions taken by management as well as the evaluation of the effects, and, in this way, enables us to understand if a given communication strategy has been successful.

This most important strategic contribution makes it possible for the organization to become communication-oriented: that is to say, the organization is communication-driven in the sense that all strategic and operational decisions are taken so that their results consistently align with the organization's strategy and policy.

### Communication-oriented organization

The strategic dimension that communication has acquired in running complex organizations and in ensuring their success is the one that supports the decisional processes of the individual corporate functions, and, more generally, the governance of the organization itself. Communication has become the reference point for all important decisional processes of the company and we can state that corporations are increasingly becoming communication-oriented organizations.

Something like this occurred in the US in the first decades of the previous century and in Europe in the post Second World War period, when all decisions were taken with the aim of making manufacturing processes more efficient. Likewise, in the 1950s and 1960s decisions were influenced by an approach dominated by marketing considerations and principles. In the first case, not only was the CEO often an engineer and expert in production, but also the production manager played a dominant role; in the second case, the CEO was frequently a manager with a sales background, and the marketing manager held a very important role in the executive committee.

Additionally, in both cases all decisional processes related to company strategies, products, and management criteria had, as a common objective and as a cultural frame of reference, first, productive efficiency and second, the efficacy of attaining sales goals. In addition, all the division managers, from human resources to administration, shared the same cultural approach which had to do in the first case with production, and in the second, with marketing.

Today it is the turn of communication. It is now considered indispensable for all company initiatives to be properly communicated inside and outside the corporation. It is considered indispensable not only to pay attention to the ongoing changes among the various publics or stakeholders, but also to act on these changes. Today we see a growing awareness that the result of every company decision communicates: *therefore, it communicates not only through the use of proper methods of communication, but through the communicated contents themselves*. More concretely, we can say that the strategic dimension of communication does not solely consist in the development of listening skills and reflective activities by communication professionals. Nor does it consist in the growth of specialist initiatives in communication and in public relations, or their governance through sophisticated managerial models.

The strategic dimension of communication manifests itself through the participation, from the very beginning, of communication professionals in all corporate and departmental decisional processes. Or through the decisional processes that the CEO himself initiates, after giving due consideration to their aims and to their communicational consequences. The reasons for this important change are to be found in the progressive recognition of the importance of the communication component in any company decision.

The presence of the director of the communication function in the executive committee has its justification in the fact that every decision must be evaluated, not only from the standpoint of necessary production resources and their financial impact, and from the standpoint of necessary sales requirements and their impact on human resources, but also from the standpoint of necessary communication resources and communication impact which those decisions require and imply. The difference, therefore, between the approach that we define as communication-oriented, and that of traditional communication, is precisely that, in the former case, communication takes on a

predominant role in guiding both the strategic and the operational decisions of the company.

### CASE STUDY: Banca Monte dei Paschi di Siena

Banca Monte dei Paschi (BMPS) is one of the largest and, operating since 1470, certainly the oldest bank in Italy. Its CCO is not only a member of the company's executive board but also takes part in all decision-making processes that have to do with the company's strategy and also with the principal operational choices of the individual corporate divisions.

Its most significant feature concerning communication is that, when any one of its divisions has to invest in making public the results of its decisions, whether regarding new products, services, or new managerial policies, that division must have the implicit approval of the CCO, since it is s/he who controls the communication budget. In the period immediately following the introduction of this rule, the individual divisions would ask the communication division to programme a communication strategy for the outcome of their specific decisions, or else to approve their own communication proposal.

Frequently the individual divisions would receive as a response, if not an outright rejection, at least a request to rethink their decisions so as to make them more communicable. That would lead to discussion and compromise between the individual divisions and the CCO, and sometimes to outright opposition on the part of the CCO, who would highlight the difficulty of communicating about a product or service that lacked easily communicable characteristics.

This period of instability has led to the institution of a procedure, not yet fully compulsory but applied more and more often, which calls for the involvement of the CCO from the initial phases of the decisional processes. In other words, the individual divisions are instituting the practice of getting the CCO, or a professional in the communication department, involved from the very start of individual decisional processes.

We can thus see that the aims and the communicational component at BMPS have a deep effect on the various operational decision-making processes. As a consequence, quite remarkable from the point of view of the role that the CCO and communication department play in the company, the content of a product or a service, for example, is often defined mostly (although obviously not entirely) on the basis of what the CCO decides is useful to communicate.

### Case study questions

- 1 Do you agree that BMPS is a communication-oriented organization? Explain what this means.
- 2 Which are the indicators of the institutionalization of the communication function in BMPS?

## ENTREPRENEURIAL COMMUNICATION TO SUPPORT CHANGE AND INNOVATION

Corporate communication and public relations literature has given diverse meanings to the concept of the strategic contribution of communication, praising its multiple potentiality, and delineating the implications in the process of creating corporate value (Hallahan et al., 2007). This section will point out four components of strategic communication in the light of the four dimensions of entrepreneurial organization theory (EOT). Their comparison will allow us to show the importance that each component of strategic communication exercises in creating competitive advantage and in contributing to the success of the firm. Above all, it will allow us to highlight the contribution that strategic communication makes to the different decisional processes of the firm. Rereading the contributions of strategic communication in the light of the analyses carried out under the EOT permits us to single out the following four dimensions (Invernizzi and Romenti, 2011):

- the *aligning* role of strategic communication, meaning both boundary spanning and environmental scanning, and the activity of bridging and engaging stakeholders;
- the *energizing* of internal stakeholders, stimulating their orientation to innovation;
- the *visioning* role of communication, meaning the activation of transformative leadership through the definition and diffusion of a vision, corporate strategies and guiding values;
- the *constituting* role of strategic communication, meaning the enactment of the competitive environment through the sense-making processes and the creation of organizational settings and company environments.

### Aligning

The aligning component of strategic communication includes environmental-scanning and boundary-spanning activities, as well as the bridging and engaging ones.

The decisions of the companies that use this type of approach end up being more sustainable, not only from the standpoint of financing, human resources and technology as traditionally occurs in the majority of corporations, but also from the communicational standpoint (Lurati and Eppler, 2006). Taking sustainable decisions from the communicational standpoint, therefore, means ensuring that the choices made are not communicated, but aligned with the expectations of the company stakeholders as well as with the public image and identity of the organization (Lurati and Eppler, 2006).

Together with boundary-spanning and environmental-scanning activities,

the aligning component of strategic communication includes bridging with and engaging stakeholders.

Beyond bridging, stakeholder engagement means activating co-decisional processes, building partnerships and stimulating supporting behaviour from stakeholders. Activating co-decisional processes, for example through ad hoc stakeholder meetings and multi-stakeholder workshops, means incorporating stakeholders' points of view in managerial decision-making. The result is shared choices which should be more aligned to meeting stakeholders' expectations. Building partnerships means working together with stakeholders to devise, plan and develop new business solutions. Stimulating supporting behaviour transforms stakeholders into real advocates for organizational projects.

### Energizing

Even recent contributions on *innovation communication* (Zerfass, 2005; Zerfass and Huck, 2007) stress that strategic communication as a support of innovation has the creation of a collaborative culture and fertile climate as its goal. 'Innovation Communication differs fundamentally from "ordinary" communication which is based on the situation that organizations and employees generally act in concert and share a common corporate goal' (Zerfass, 2005, p. 16). Strategic communication supports management in reassuring employees regarding changes due to innovation, supplying adequate information, and, in particular, listening to what happens inside the organizational context (Zerfass and Huck, 2007). Communication must be oriented to defining objectives with precision, facilitating their sharing, and creating surrounding forms of cooperation. 'Internal Innovation Communication is essential for defining innovation goals, capitalizing existing knowledge, overcoming fear, enhancing motivation, and developing shared visions' (Zerfass, 2005, p. 18).

Recent contributions in the field of internal communication (Boswell, 2006; Welch and Jackson, 2007) stress the importance of empowering employees within the innovative process. 'The internal corporate communication dimension is defined as communication between an organization's strategic managers and its internal stakeholders, designed to promote commitment to the organization, a sense of belonging to it, awareness of its changing environment and understanding of its evolving aims' (Welch and Jackson, 2007, p. 193). Communication has the aim of rendering employees responsible by virtue of their being of key importance in implementing innovative processes (Dougherty, 1996). Effective communication transmits an innovative spirit to all employees, stimulating them, supplying input, and giving every individual room for expression as well as defining his/her specific responsibility.

### CASE STUDY: Ferrari

The rebirth of Ferrari, the well-known Formula One auto maker, following a period of serious crisis during the 1980s, is tied to strategies put into effect by the new CEO, Luca di Montezemolo, who served as manager in the corporate communication department of the FIAT Group, where he reached the position of CCO. Montezemolo joined Ferrari, became president in 1991, and started a programme known as 'Formula Persona', which consisted in continuously improving innovation and creativity, centring on each employee and on what s/he could contribute. To this end, several buildings and work environments were designed to optimize the production process and emphasize individual identity and the employees' sense of belonging. In addition, a system was designed to recognize employees' contributions and to implement a series of company-sponsored services, including outside services, to simplify and better employees' lives. The idea, on which the 'Formula Persona' was based, was that these measures would communicate to employees the value the company placed on them as well as the recognition of the contribution of every person to the company's success.

The results have been astonishing from the point of view of employee commitment and of the company's economic results. In the mid-1990s the economic bottom line turned 'from red to black' and in 1999 Ferrari once more began a run of world championship wins that was unbroken until 2008.

#### Case study questions

- 1 How does Ferrari enact the energizing dimension of the EOT?
- 2 How important was Luca di Montezemolo to company change?

#### Visioning

The visioning component corresponds to the dimension, defined by Zerfass (Zerfass, van Ruler and Sriramesh, 2008, p. 70) as the enabling role of communication, meaning that communication facilitates the implementation of company decisions. In this case the CCO contributes by following the actual decisional momentum and exercising influence on the ways in which decisions are communicated and carried out. Communication helps govern the activities, mainly tactical in nature, which are necessary for the implementation of the decisions themselves. In fact, communication enables the decisional processes by transmitting their contents to interested parties, involving and motivating human resources, supporting the exercise of leadership, helping plan and organize managerial and operational activities, and making it possible to check the results obtained. Some authors define communication strategy (Argenti, 2008; Cornelissen, 2008; Steyn, 2007) as that which makes

known, inside and outside the organization, the decisions regarding company strategy and business objectives, focusing the energies of the organization's internal and external members towards a shared goal.

The visioning role includes the infrastructural role, traditionally attributed to communication, that is, the role of sustaining and supporting the company business (Kotler, 2001). It represents a crucial component as it substantially contributes to the efficacy and quality of the results in the decisional process. This component in the communication role does not, however, exercise influence on the content of the decision itself, but rather on the way in which the decision is carried out. The approach used has a functionalist matrix since it begins by asking which processes, structures, and communication systems are most suitable and contribute most to developing business decisions (Belasen, 2008).

Also Hamrefors (2010) argues that a *communicative leader* has the specific role of *mediator*, that is, someone who endeavours to transmit messages from outside to inside, but, above all, to create a common, comprehensible, shared meaning. In this particular case, the required skill is being able to negotiate and influence.

### Constituting

In this case, communication becomes something more than an infrastructural component of the business. Scholars who define the theories of *communication as constitutive of the organization* (Putnam and Nicotera, 2009; Reed, 2010; Sewell, 2010) consider communication as a constituting element and process of an organization, and base their theories on Weick's (1995) concept of organizational sense-making, according to which reality is created through a cognitive process of interpretation rooted in individual mental maps.

An organization is seen as a continuous product constantly transforming the communicative actions of its members (Bisel, 2010; Cooren, Taylor and Van Every, 2006; Kuhn, 2008). In this case, communication becomes something more than an infrastructural component of the business. It feeds the decisional process, influencing its contents even through reflective activities of analysis and interpretation of the internal and external context. Here the listening activity plays a different role from that of the enabling role of communication, where listening aims at aligning the communication of the decisions taken with the opinions and attitudes of the stakeholders.

#### CASE STUDY: illycaffè

According to CEO Andrea Illy, the real problem for illycaffè is that the company has always aimed at a quality product whereas the average person thinks of coffee as a product to be consumed at a cafeteria bar while standing



and, frequently, in a hurry. This way of having a cup of coffee makes it difficult to reward quality and makes the consumer reluctant to pay a higher price.

For a number of years the goal of illycaffè has been to get clients to appreciate the quality of its product and, at the same time, to establish a strong link with the company. For this reason, Andrea Illy has been working hard on the 'Construction of Relevance' of the product for customers and 'Building Trust' towards the company.

The 'Construction of Relevance' means making customers perceive a cup of coffee as an object of desire to be satisfied through various pleasant sensations, starting with those of the palate and moving on to those of a relational, cultural and environmental nature. In other words, it means raising expectations so as to be able to appreciate the quality of the product.

'Building Trust' means working on the reputation of the company so that customers are aware of the fact that it guarantees high levels: high levels in the quality of the product, the selection and roasting of the raw material, as well as respect for the environment, people, cultures and aesthetics.

Communication assumes a strategic relevance for illycaffè in upholding both relevance and trust and in creating synergy between the two. This vision of the strategic component of communication appears to bring out a particularly interesting dimension which we could define as an entrepreneurial component in the scenario enactment through communication in support of corporate strategy.

The entrepreneurial dimension in the scenario enactment through communication is the component illycaffè expects from communication in order to sustain the entrepreneurial idea of the company which, according to the CEO and to company history, is quite clearly evident and rests on four pillars. The first is the high quality of the product and service attained; the second is the construction of relevance for the customers of a high quality product, such as illycaffè; the third is the building of trust which has been developed to benefit the customers and is rooted in the reputation the company has built over time and, finally the fourth, which resonates with the aforementioned three factors, is making the company with its products truly unique, and consequently strengthening its success.

### Case study questions

- 1 Do you agree that illycaffè exploits the entrepreneurial role of strategic communication? Explain what this means.
- 2 What lessons do you learn from Andrea Illy about the role of CEO for the development of the strategic role of communication?

## CHAPTER SUMMARY AND CONCLUSIONS

In this chapter we argue that communication has become strategic because of its important and diverse roles played within organizations' governance and the way it contributes to organizations' success. As several studies state, communication has been institutionalized in large organizations and it plays a multiple role within their strategic decision-making processes: as discussed in the first section, communication has actually reached an important position within organizations' dominant coalition, being able to influence their decision-making process.

In particular, communication has become central in those organizational decision-making processes aimed at developing the organization in the most consistent direction with its environment and making its reputation well known as such.

Finally, communication is becoming very important in supporting the entrepreneurial activity of organizations and principally the two dimensions termed 'energizing' and 'constituting'.

The energizing dimension is particularly important since it illustrates the innovation each organizational member may be able to express while the second, the constituting dimension, shows to what extent communication can help top management's strategic activity of organization sense-making, feeding and influencing each decisional process.

## REVISION QUESTIONS

- 1 How does the communication/PR literature conceptualize the strategic role of communication within large organizations?
- 2 What does entrepreneurial organization theory add to the comprehension of the strategic components of communication?
- 3 Explain why Ferrari, BMPS and illycaffè can be termed 'communication-oriented organizations'. What are their common characteristics and respective differences?

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### Endnote

- 1 In 2011 data was collected by means of an online survey of the communication managers of the 300 largest Italian companies, using corporate rankings published by Mediobanca. Mediobanca rankings classify the 2000 largest Italian companies on the basis of their balance sheet and we chose the top 300 companies as the universe of our research. The sample is self-selective and is composed of 196 communication managers who accepted our invitation to participate. The survey had a response rate of 65 per cent. The companies surveyed were both private (70.5 per cent) and public (29.5 per cent).