Surviving (and thriving) in risky environments

By [John Bradfield](#)

24 Jun 2003

John Bradfield takes a look at the origins of issues management, touching on issues mapping and showing you how to identify and act on issues so that the business and communications becomes aligned to corporate strategy.

Issues include significant environmental and internal operational factors that are likely to have an impact on organisations as well as a gap between your company or client's actions and stakeholder expectations.

Issues management includes changes such as setting new policy, community dialogue, public education, introducing a new product or service, and even modifying operations. Further, a number of operational issues such as free cash flow, customer retention or acquisition, capital cost, capital structure, production efficiency, quality and price may well have considerable communications implications and impacts. As such, issues management combines with traditional strategic planning, corporate governance and communications to work on specific objectives in managing the issue or closing the expectation gap.

Some business and communications experts trace the origins of formal issues management to Howard Chase in the US who coined the phrase "issues management" in 1976. However, in Europe management experts were also extensively investigating issues that affect industry and its freedom in the mid 1970s. Cyril Parkinson and Nigel Rowe compiled their conclusions in a slim volume called "Communicate: Parkinson's Formula for Business Survival" which covers many of the concepts we know today as stakeholder management, crisis communication, corporate advocacy and corporate governance. Rowe was with multinational, ITT, as a public relations director in Europe, where he crafted campaigns to reduce hostility towards the corporation from governments, civil service, and the media and to close the "information gap". Another early issues manager, labour lawyer, Herbert Schmertz was known for his constructive confrontational campaigns for the Mobil Oil Corporation. He pioneered several of the issues management campaign tools that we take for granted today.

It is always difficult to pin point the development of a conceptual process as, most often, pieces of the puzzle begin to converge from various quarters and then the thought, trend or concept is synthesized into a more understandable and usable manner.

In South Africa in the 1970s, certain business leaders of the day dealt with various public and social issues outside of their purely business domain under a hostile political and economic environment.

Issues management, not just issues communication, allows best-practice companies to proactively adapt their corporate strategies, plans and operations to capitalise on opportunities, reduce risk and increase competitive advantage. Where

much issues management falls short today is in the understanding of bottom-line business issues and the relationship to communications responses to the issues. The communications practitioner generally enters from a narrow specialisation and from this limited view tries to understand the business issues. Issues management should begin with the broader economic, political, social, and technological contexts. Companies operating in increasingly political economies need to understand the political climate at international, national and local levels to perform effectively. Stakeholder mapping interactively and interdependently define the "game" of business for a company. While players in the value net such as customers, suppliers and competitors and complementors play a crucial role within the market context, the corporation interacts with many non-economic players such as government regulators, politicians, special interest groups and activists important for gaining public consensus. Companies need to think carefully about divesting resources from efficiency-enhancing activities to those that repair or enhance their social legitimacy.

Care must be taken in identifying stakeholders who may have the greatest impact on their social legitimacy. A major potential threat is that there are few barriers to entry for social actors in a company's domain.

In today's turbulent world markets with increasingly fierce competition, shorter innovation and production cycles, shorter planning horizons and uncertainty about strategy issues, risk management has become a crucial factor of business success. Public scrutiny and media attention place good corporate governance at a premium.

There are many issues that face a business in South Africa today but below is merely a sample list of generic issues that could be considered. While the communications practitioner may not directly have influence over some of the business issues it is important to be aware of them as they may impact communications, particularly internal communications programmes:

- Corporate reputation risk (a thorough analysis needed and link to corporate governance below)
- Corporate governance (governance and sustainability now a given for market and social acceptance)
- Transformation (real and equitable for all)
- Profitability (with lower revenues profit margin is key)
- Entrepreneurial speed (promoting entrepreneurial thinking and behaviour among employees)
- Use of resources (corporate thinning is placing tremendous pressure on employees who remain in a company)
- Free cash flow (all employees need to be aboard to tackle this vital issue)
- Portfolio of products and company review (growth markets or profitable core markets?)
- Cost of capital (lower cost of capital crucial to survival)
- Quality (this key to value creation appears to be taking too much of a back seat as companies preoccupy themselves with other issues)
- Politics (co-operative strategies to gain social legitimacy)
- Technology (rapid adoption and diffusion strategies to build market penetration and enlarged installed base)

Practitioners will need to identify issues particular to a company or client's profile. In issues management there is no quick recipe for success. This is an area that requires deep understanding and knowledge of the public, economic, market and operating environments. While several corporate issues have been listed, practitioners need to monitor and prioritise a range of issues at the company operating level to be effective. Some issues may be positive, others negative to the corporation. Certain issues can also be merely peripheral to the company – worth monitoring, while others may have a direct impact.

When all the issues have been identified, the next step is to prepare an issues risk assessment grid, assigning probabilities and estimated monetary values to priority issues.

Peeling away at the first layers of issues is an exercise that most general communications practitioners are able to do. However, for ongoing and deeper analysis and action, this may not be a part-time job for the generalist or even multi-disciplinary consultancies. Specialist communications or public affairs advisors often need to be employed to concentrate on the area of issues together with, in certain instances, affected top or line management.

On completion of the issues identification and analysis step, the practitioner will tackle the issue change strategy options. This involves selecting the best stance to take on an issue and to consider what is the most effective way to effect change as well as communicate the change. There is no one "silver bullet" that will suddenly solve the problem for the organisation. The approach has to be evaluated in terms of available resources, existing organisational structure, top management support, media treatment, key stakeholder acceptance and time horizons.

The next step, the issues action plan, will involve setting goals, objectives, strategies and tactics. Resources need to be organised to achieve set targets. At this stage the defined programme elements are handed over to professional implementers, which may comprise the general communications or public relations staff, communications consultancy, or a combination of both. Danger lurks in the details. It is critical, therefore, that the original professional specialist monitors the programme to ensure that the "creatives" and "enthusiasts" have not driven the programme into an unintended detour, imposing their own set of new interpretations as their egos see opportunities for self-promotion. This is very often where execution fails miserably. The professional must guide the general communicators and implementers. Even business level objectives can take the wrong turn with poorly informed or strategically weak line management.

The final step is to evaluate the results, which involves feedback on the programme performance as well as the perceptions and attitudes of the users and stakeholders. It is of no use to have a brilliant and highly efficient programme implementation but few believe in its effectiveness. A programme that works with high buy-in from users and stakeholders is probably a better indicator of overall success. On completion of the project, the issue management cycle may begin again as new players, new issues and new attitudes arise.

Effective issue management both on the corporate and operational level can help to reduce the risk in organisations particularly during political, economic and social turbulence. Issue management adds value and benefits externally and internally for the overall success and sustainability of the company. It can help to reduce conflict, increase speed to market, eliminate operational constraints, facilitate access to markets (including vital capital markets), and foster socially responsible management. Inside the organisation it assists in aligning communications with strategy, giving more meaning to employees work, promotes better understanding of corporate strategy and key operational issues such as free cash flow, improved morale and results in fewer surprise crises that could have been avoided through careful, calm and capable planning.

ABOUT JOHN BRADFIELD

John Bradfield, BA (Communications) and MBA, has expertise in developing communication systems for companies. He runs workshops on communications. His articles cover business matters and consumer lifestyle subjects for a variety of publications. He has travelled widely and studied different ways of doing business abroad. For further information, email johnbradfield@tiscali.co.za.

- The seven biggest mistakes in crisis communications - 25 Oct 2006
- Why a healthy organisational culture matters - 5 Apr 2006
- Grapevine is undermining internal communications - 29 Jan 2006
- Plugs are putting readers off - 11 Dec 2005
- A marriage made in corporate heaven - 27 Oct 2005

View my profile and articles...