

THE EDITOR

The new issue of *Communication Director* magazine is out now, and its theme is the interplay between Corporate Communications and Public Affairs. For this newsletter we have extracted an article by Arturas Jonkus, who explores the role of leadership in both disciplines. Another area of common ground is undoubtedly that of accountability. A corporation must answer to its different publics just as much as a publicly-accountable body. And when it abuses that trust, as in the current financial crisis (see commentary), the consequences can be critical.

We hope you find it a stimulating read



Marc-Oliver Voigt
Editor-in-Chief
m.voigt@communication-director.eu

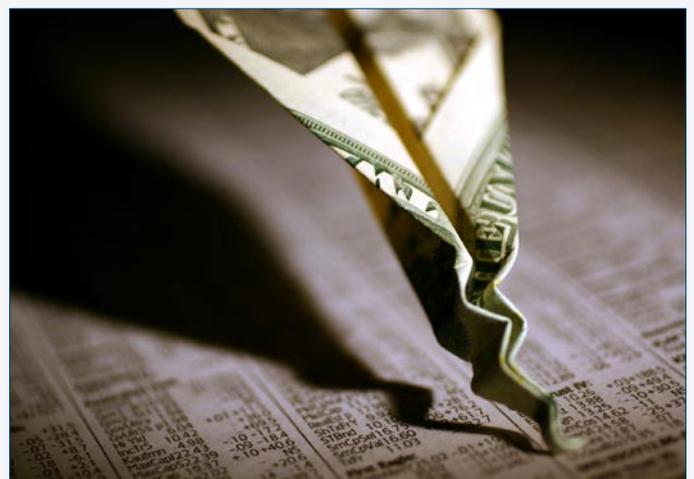
CONTENT

- 01 **Commentary**
Communicating Financial Chaos
- 02 **Inspiring Trust**
by Arturas Jonkus
- 05 **Personnel changes**
Recent appointments from the world of communications
- 07 **Events**
Important events from all across Europe

COMMENTARY

Communicating Financial Chaos

With a very serious crisis now on their hands, the current situation which the world's financial markets presently find themselves is simply hectic. Unavoidable in nearly all headlines for the past two weeks have been the tremors, quakes and aftershocks from the systematic collapse of several of the United States' oldest and most-trusted financial institutions. Europe assuredly did not escape unscathed, with its own investment banks succumbing to tens of billions in write-offs as a result. Europe will not be in the clear so long as looming uncertainty clouds the future of Wall Street and confidence in the health of the global economic system remains up in the air. How will Europe's financial communicators handle the waves of waning trust, finger-pointing, feelings of betrayal and general loss of faith which has arisen? As the saying goes: "America sneezes and the rest of the world catches a cold." But now, America has been diagnosed as being



seriously ill and highly contagious. Europe's financial communicators may be entering a uncharted territory as they seek to buffer blame and respond to questions to which, for now, there are simply no solid answers.

By Paul J. Thomas

INSPIRING TRUST

Leadership in Political and Corporate Communications should be a trust-building exercise, especially in the Central and Eastern European region.

by Arturas Jonkus

Corporate communication and political communication both require strong leadership based on clear vision, long term strategic thinking and the establishment of trust inside and outside of an organisation among all stakeholder groups. A lot of corporations struggle with a poor reputation among external and internal target groups, and they mainly turn to Communications in order to solve this dilemma. In the case of poor employee moral and retention, the blame is more often than not placed on poor internal communications. Companies seek advice and assistance from communication experts, yet continue to fail to witness long-term improvements. Why does this happen? Corporations or political parties that focus on communicating key issues instead of dealing with them in a more effective way, is like a person who, instead of repairing a broken car engine, paints it in a new, shiny colour. In my opinion most of those organisations should initiate a leadership audit before seeking to improve their communication systems.

READING BY What I consider a leadership audit are three key elements that should be checked. First of all is the over-arching mission and vision. Is it only a set of nice words on the wall of the office or it is a real constitution? The second key element is an organisation's capability for strategic long-term planning. And the third core element is the trust within an organisation. The same applies for political parties and NGOs. In the case of Central and Eastern Europe where I operate, we have enjoyed a relatively

recent period of political freedom and market economy. This fact strongly affects long-term strategic planning capabilities of our organisations and means that trust is an issue not only for companies or other organisations but also for the public in general.

A QUESTION OF TRUST Trust is one of the main factors that make communication more effective and less time consuming. No matter if we are talking about trust inside the organisation or among external stake holder groups: all stake holder groups should be treated equally. In fact, in some cases internal stakeholder groups are more important for organisations when it comes to an organisation's reputation.

“Communication is one of the means to create trust between the different stakeholder groups but it can not create trust where it is not one of the corporation's values and goals.”

Political parties cannot boast of impressive achievements here. Trust in political parties remains low in Central Eastern Europe, and in Lithuania especially. This is the reason why they are forced to use considerable financial resources for the election campaign to attract voters.

Communication is one of the means to create trust between the stakeholder groups but it can not create trust where it is not one of the corporation's values and goals. Communication can not be effective if the very actions of the leaders evidence the opposite. And yet that remains the case for most organisations in Lithuania. If we compare political parties and corporations in Central Eastern Europe from this angle, we find that corporations

are in a slightly better position because trust in them is stronger than in political parties. But still, corporate reputation suffers from a past of privatisation in Central and Eastern Europe when legal systems were abused in favour of various private interests.

LEADING BY EXAMPLE In recent years, Lithuanian corporations have actively invested in improving their reputation. Several annual surveys are carried out to measure the reputations of different corporations, and from this research it is possible to conclude that companies with foreign investors or the ones that are branches of international companies focus more on this subject and invest more financial and human resources. In fact, it is international companies who have dictated the style of communication from the establishment of a market economy in Central and Eastern Europe.

Market economy and business in Eastern and Central Europe do not yet count 20 years of coming back to these countries after the fall of Iron Curtain. The fragility of the transition period and attendant political instability were factors that hindered corporations in acquiring long-term planning skills, and, over a number of years, management traditions were lost.

This is the reason why international companies that entered the Eastern and Central Europe markets fostered international management and communication standards. The first generation of communication specialists was raised and educated within these companies.

COMMUNICATION AND PRESS ETHICS International companies were among the first to outsource public relations and communication consultancy. Consequently, the Public Relations and communication consultancy market rapidly developed year by year. All this proves that communication has become an increasingly important part of business management. The more intensive the use of communications in the corporation, the more essential the issue of communication ethics, as is the question of how communications relate to the actual activities of an organi-

sation. These issues are closely related to issues of media independence from political and business influence.

For a long time the level of trust in the press was very high in Lithuania, much higher than in Western Europe. Only the Catholic church outscored the press in trust surveys. This situation continued for several years, and was misused by some media. There were no major changes in the media market for several years and the same newspapers and TV stations dominated the landscape. Although this situation has changed in the last few years after the appearance of several new print titles and internet media, it is notable that society's trust in the press has significantly decreased. Probably the biggest influence was due to the publication of the press corruption research results carried out by Transparency International. Consequently, the discussion about communication and press ethics have become highly relevant. In this case, it was again international companies and companies with foreign investors who made the biggest contribution to the promotion of ethical communications and of communication based on trust. It is no coincidence that those companies also dominate the top of the lists of companies with the best reputations.

In general we could conclude that organisations that maintain a high level of ethical standards in management and communication have earned the public's trust.

EXECUTIVE SUMMARY

Letting trust dictate communications

- ▶ Communications strategies must follow long-term planning, not the other way round.
- ▶ A legacy of abuse has undermined trust in the press in Central and Eastern Europe.
- ▶ International organisations set the standards for communication ethics in Central and Eastern Europe.
- ▶ Communications can not mask lack of real strategy. Gaining trust must be an organisation's established goal.

LITTLE WHITE LIES Meanwhile, political communication has not expanded dramatically, at least in Lithuania. But recently it has witnessed a big acceleration. Sometimes it seems that political parties forget that communication is not a target in itself and that

“Organisations that maintain a high level of ethical standards in management and communications have earned the public’s trust.”

even in election campaigns communication must have something in common with reality.

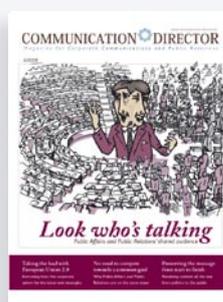
The victory of several new parties that were actively using modern communication tools and techniques during the past few parliamentary elections in Lithuania proved that political communication is a powerful weapon and using it may guarantee a stronger mandate, even if the party does not have a clear and solid political program with strategic goals of state improvement.

The electorate in Lithuania are still used to forgiving their politicians their “little white lies” and so continue to elect them. Therefore it is clear that political parties in Lithuania are putting more stress on communication than on any real programme of actions. The apogee has been reached in this year’s parliamentary election campaign. A new party, created mostly from showbusiness representatives, is participating in the elections. From a communications point of view the logic is simple – local celebrities’ awareness-levels should guarantee an easy election to the parliament. We will see if it happens at the end of October. But one thing is clear: this political party has neither a real political programme nor a national governmental strategy. The entire election campaign is built upon the party members’ popularity as showbusiness representatives, not as of politicians. This is one of the clearest examples of when the strategy and real plans of country governance is changed upon the simple communication. Even if this party succeeds in the upcoming elections, it is clear that it will disappear in future, as have other parties that were created on the basis of communication tools and techniques rather than any real political programmes and state governance strategies.

TOUGH TIMES CALL FOR TOUGH DECISIONS Naturally, the electorate will be disappointed once more in political parties as it has been many times before, because without a strategy there is no organisation that can achieve anything concrete, and communications can only temporarily mask this underlying weakness. And so, next time, the electorate will turn to a new party with nicer slogans and promises. And there have been a lot of parties that were elected into the parliament for one term, but later on disappeared from the political landscape.

Economical turbulence and other crises demand significantly stronger leadership. In this period of economical slowdown, which is felt not only in Eastern and Central Europe, governments will have to take decisions that are unpopular with the electorate. And political parties that were simply aiming to please the electorate will have a hard time, as tough decisions will be the only way to improve the situation. So the role of leadership during this period will become more important in both politics and corporations, and key elements of leadership will be of crucial importance. Both corporations and political parties will have to focus on their mission and vision and implement real long-term strategies, otherwise they will suffer significantly. And communication cannot help in the long term without having these basic things in place. In a period of economic slowdown or even crisis, states and businesses alike will have to undergo change. Changes could be implemented at a low cost only with the presence of trust among all stakeholder groups. |

STORYTELLER



This article is published in the latest issue of Communication Director; “Look who’s talking: Public Affairs and Public shared audience.”

Arturas Jonkus is Corporate Affairs Officer at LEO LT. In his eighteen years experience in Public Diplomacy and Corporate Communications, he has been Managing Partner at AJonkus & Partners, PR coordinator for Central and Eastern Europe at Yukos Oil Co., and Managing Director at Hill & Knowlton, Lithuania.

Recent Appointments from the World of Communications / September 2008



Ralph Driever
(Head, Corporate Communications)
Institution: Infineon Tech AG
Start: Oct 01



Germany: Driever leads Corporate Comms at Infineon

Infineon Technologies AG have announced that RALPH DRIEVER is to take over as Head of Corporate Communications on October 1. Driever, who has extensive experience in strategic communications with international companies, began his career at Bertelsmann AG, where, after working in a variety of posts, he took charge of communications at the printing and publishing house Gruner + Jahr AG & Co.



Reijo Kemppinen
(Director of Communications)
Institution: EBRD
Start: Oct 15



Belgium: New Director of Comms at the EBRD

The European Bank for Reconstruction and Development has appointed REIJO KEMPPINEN as its new Director of Communications, effective October 15. Kemppinen joins the Bank from his current position as Head of the European Commission Representation in the UK. He follows Brigid Janssen who has joined the Bank of Canada as Chief, Communications Department, after seven years at the EBRD.



Karen Onsager
(Group Senior VP Communications)
Institution: Hafslund ASA
Start: Sept 17



Norway: Onsager promoted at Hafslund ASA

As of September 17, KAREN ONSAGER is Group Senior Vice President, Communications and joins the Group Management of Hafslund ASA. Onsager joined Hafslund in 2005, and her new responsibilities will include the Group's information work, market communication, Public Affairs and corporate reputation work. Previously, she was Communication Manager for Dressmann and Head of Information in Metropol TV.

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Qualifications

You probably have a master's degree or equivalent in e.g. communication or business administration, a solid understanding of business and at least five years' experience in strategic communications – preferably with a consultancy company or a large international organization. You have the impact to advise top managers on communication and you are an inspiring coach and trainer.

You have practical experience in line-of-business communication, change communication, and communication on acquisitions; from general strategy and planning to drawing up news releases and other materials. You might also have experience with online media and your CV covers press relations and issues management. Furthermore, you are able to work effortlessly in both written and spoken English. Danish is not a requirement.

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If you have any questions about the position, please do not hesitate to contact:

- o Director of Corporate Communications
Jeppe Glahn on +45 30 77 05 01
- o Manager of Corporate Comm. Consultancy
Ann Catherine B. Talbro on +45 30 77 47 92

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Recent Appointments from the World of Communications / September 2008



J r me Fourr 
(Director of Communication)
Institution: Groupe Cr dit Nord
Start: Sept 15



France: New role for Fourr  at Cr dit Nord

J ROME FOURR  is the new Director of Communication at Groupe Cr dit Nord, the French retail bank, where he replaces Claire Brennen. For the past two years, Fourr  had been the Director of Communications for the Group's Human Resources department. Before joining the Group in 2001, he was Communications Director at Cardif, the insurance division of Groupe BNP Paribas.



V clav Mach
(Director External Relations)
Institution: Microsoft Czech Rep.
Start: Sept 15



Czech Republic: Mach directs external relations at Microsoft

V CLAV MACH is the new Director of External Relations at Microsoft Czech Republic. He comes from Vodafone, where he worked from 1999 in many managerial positions. He also previously worked for Aliatel (now GTS Novera), SPT Telecom (now Telef nica O2 Czech Republic) and Kabel plus.



Anne-Marie Cravero
(Director of Communication)
Institution: Cr dit Foncier
Start: Sept 15



France: Anne-Marie Cravero heads comms at Foncier

ANNE-MARIE CRAVERO is the new Communications Director for Cr dit Foncier, a national mortgage bank of France. She succeeds Anne Baslez who has joined the executive board. A specialist in the field of Corporate and Financial Communications, Cravero was previously a Director at Communications consultancy Gavin Anderson & Co.

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Chief Editor
Marc-Oliver Voigt

Editors Newsletter
Paul J. Thomas
Dafydd Phillips

Publishers
Rudolf Hetzel
Torben Werner

Advertising
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EVENTS



30.09.2008 - 01.10.2008

Corporate Training Networking Fair

The UK Trade & Investment (UKTI) group is hosting a networking event in Vienna for delegates from Austria, Bulgaria, Croatia, the Czech Republic, Germany, Hungary, Poland, Romania, Slovakia, Slovenia and Switzerland. As well as being able to meet the CEE delegates formally across a table, the participating companies will also be invited to an evening networking reception at the Residence. In addition, UKTI Embassy personnel from across CEE will be present to offer insights in to the corporate training opportunities in their markets.

British Ambassador's Residence,
Vienna, Austria

[➔ More](#)

25.09.2008 - 26.09.2008

Decision-Making in the EU



Understanding how EU decisions are made is essential for all public officials. This course is an introduction to EU institutions and the ways in which decisions are now reached in the various spheres of European cooperation.

EIPA,
Maastricht, Netherlands

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29.09.2008 - 30.09.2008

FAEP quarterly meeting



A special meeting for the European Federation of Magazine Publishers (FAEP), which aims to defend the freedom of expression, thus promoting pluralism and diversity, and ensuring that Europe's periodical press industry remains competitive and vibrant

FAEP
Brussels, Belgium

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29.09.2008 - 30.09.2008

EDem2008



This conference will be look at E-Democracy and explore latest developments in this growing phenomenon. It will feature contributions on all areas and levels of electronic democracy and participation systems.

University of Krems,
Austria

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08.10.2008 - 10.10.2008

3rd International CSR Conference

The 3rd International CSR Conference, held at Berlin's prestigious Humboldt University, deals with the topic of "Corporate Responsibility and Governance". Global governance relates to the universe of mechanisms, institutions, rules and/or regulations with which different actors (governments, companies, NGOs, and civil society) discuss and decide global issues.

Connecting the leading academics in the field with influential stakeholders from around the world, the conference bills itself as a platform for discourse about one of the key concerns of our time.

Humboldt University
Berlin, Germany

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01.10.2008 - 03.10.2008

Branding for Financial Institutions



A three-day conferece for representatives of financial instiutions, exploring issues such as successful brand management, ensuring brand consistency and building brand identity.

Jacob Fleming Group
Barcelona, Spain

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13.10.2008 - 14.10.2008

Ethical Corporation



Conference focusing on how to engage strategically with all your key stakeholder groups. It will explore how to incorporate the information and advice you get from stakeholders to turn you into a mo-

responsive business.

Ethical Corporation,
Barcelona, Spain

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16.10.2008 - 18.10.2008

EUPRERA 2008 Congress



This year's EUPRERA Congress focusses on the institutionalisation of PR and Corporate Comms, a process that seems to go hand-in-hand with the growing influence of the two disciplines.

Iulm University,
Milan, Italy

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Gala Ceremony: December 11th, 2008 at the Corinthia Grand Hotel Royal, Budapest

