
BUSINESS
ACUMEN
FOR
STRATEGIC
COMMUNICATORS

A Primer

MATTHEW W. RAGAS
RON CULP

BUSINESS ACUMEN FOR STRATEGIC COMMUNICATORS

Business Acumen for Strategic Communicators

This book tackles the top question I hear from communicators all over the world. What is the one x-factor that gives communications leaders the guts to speak up and shape critical C-suite affairs? If you're in business, there are few things more important than understanding how businesses really work. Stepping up your business acumen is always time well invested.

– **Stacey M. Tank**, Chief Transformation & Corporate Affairs Officer, Heineken N.V.

Business Acumen for Strategic Communicators is an important read for anyone building a career in public relations. The book provides a compelling view into how business I.Q. makes communicators better at their craft, and how it lays the groundwork necessary to bring an informed, powerful voice to corporate decision-making. It is thought-provoking while also providing important, practical advice.

– **Andy Polansky**, Chairman & CEO, IPG DXTRA & Executive Chairman, Weber Shandwick

Understanding and explaining how business works is one of the most important tools that a strategic communicator can have. This book gives those looking to enter strategic communications, and those already in the field, great tools and skills to advance their careers. If you want to take a leading role in your organization, this is the book for you.

– **Chris Roush**, Quinnipiac University

Matt Ragas and Ron Culp have provided communicators with a trifecta of business knowledge. Their first book provided the what, their second book explained the why, and now *Business Acumen for Strategic Communicators: A Primer* gives us the how of developing business acumen in our field. Once again, Ragas and Culp have made the language of business accessible to educators, students, and professionals alike.

– **Sandra Duhé**, MBA, Ph.D., Southern Methodist University, USA

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BY

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INVESTOR IN PEOPLE

*This book is dedicated to our students and alumni, and to all
the educators, professionals and mentors who help develop the future
leaders of our field.*

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FOREWORD

Linda Rutherford

As 2007 was drawing to a close, I got my most frightening assignment ever. As a young leader in our communications group at Southwest Airlines, I was asked to take on getting our Annual Report written – there was a desire to change up the writing style, make the language more consistent and help tell a better story of all of the airline’s achievements for that year.

Oh, super. I’d managed to skate along for nearly 15 years at Southwest Airlines on my journalism background – someone who could find just the right words to explain a complex story to the masses. Or so I thought. All of a sudden, my vocabulary was being overwhelmed with terms like forward-looking statements, earnings before interest and taxes and one of my favorites: compound annual growth rate (CAGR). When CAGR was thrown around verbally as we were prepping for the annual report sections, I quietly laughed to myself, thinking: what in the world does a “kegger” have to do with finance? That’s when I did what all former journalists come communications pros do – I Googled it. Then, I spent the holidays hunkered down for weeks cramming on all things finance. My investor relations partners were incredibly patient with me and I learned a great deal in a short amount of time.

That experience was enlightening. It taught me that our communications profession is dynamic: that I had *not* learned all I needed to know in college, and that if I wanted to contribute at a higher level, I had to be committed to lifelong learning.

And the learning keeps on coming. I believe 2020 will go down in history as the “lost year,” and especially for those industries hardest hit by the impact of COVID-19. Our travel demand went from “robust to bust” in the span of just a few weeks. It called for a whole new approach to crisis communication (being informative and conveying what we are calling controlled uncertainty); writing new playbooks for rebuilding the business and getting travelers comfortable about getting on a plane again; and pursuing clever financing options to maintain our liquidity without taking on too much debt.

We've seen some hopeful signs of recovery, but this will be a long road back to our "new normal," and the story is still being written on what that ultimately looks like. It has been a great lesson in humility – we simply must never rest on our laurels.

Matt Ragas and Ron Culp recognized that fact several years ago. They embarked on a journey to better equip communicators with tools, concepts and even handy glossaries so that we could up our game and have a better understanding of how business really works – in its glorious highs and most certainly in its lowest of lows. Today, we're all familiar with the term "trusted advisor." Thanks to their two previous works, *Business Essentials for Strategic Communicators* and *Mastering Business for Strategic Communicators*, we have resources to more fully understand the fundamentals of business models, financial reports and elements of corporate strategy – all with a mission to help us earn the trust of our business peers in HR, strategy, finance, marketing and operations.

In this latest work, *Business Acumen for Strategic Communicators*, Matt and Ron keep challenging us to learn and grow because the sands of business are shifting again. Industry disrupters, economic downturns, the rapid pace of change, the rise of the activist stakeholder, the growing sophistication of communications agencies, the digital/social influence – all these things and more mean we need to keep learning.

Southwest Airlines Founder Herb Kelleher once said, "if you don't change, you die." He knew instinctively that the airline he founded in 1971 could not remain static or it would not be relevant to the changing wants and needs of air travelers. The same goes for all of us as communicators.

Those of us in the business world today are beyond being seen as "just spokespeople" for our organizations. We have the "seat at the table" but the expectations have grown. Increasingly, our roles as communications advisors mean we need to have a pulse on all aspects of business. As "keepers of the corporate soul," we are being tapped to provide a holistic viewpoint on pivots in the business model – not just write the news release to talk about it.

The Page Society – a premier organization dedicated to the growth and development of the world's top communications professionals – has a new model by which we can measure our ability to influence our organizations in a few key areas. Page's research into "The CCO as Pacesetter" explores the expanding roles and expectations for communicators as businesses and organizations wrestle with heady topics like societal value creation,

corporate culture and brand stewardship (Arthur W. Page Society, 2019a). Further, communications leaders are expanding capabilities in the digital space beyond content creation and into publishing and listening capabilities, and thinking through the needed talent and structures to support those functions for the enterprise.

This book explores the dynamism of our chosen profession; it looks at the latest ways communicators should effectively work across the enterprise and be ready to step into a new role, that of “chief integration officer.” More than ever, communicators are being asked to break down functional siloes and work collaboratively to bring their holistic view of an organization’s stakeholders into the larger context of decisions made about people, performance and policies.

We need to live up to that challenge, now more than ever, and this book will help you do that. Happy reading!

Linda Rutherford
Senior Vice President & Chief Communications Officer
Southwest Airlines Co.

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PREFACE

Be an eternal student and learn the client's business.

These two timeless pieces of professional advice from the late Betsy Plank, often called the “First Lady of Public Relations,” have perhaps never been more prescient as the strategic communication profession enters a new decade (*PRWeek*, 2015; Public Relations Society of America, Inc., 2019). A long-time resident of Chicago, Plank was a trailblazing public relations executive with a deep commitment to public relations education, including co-chairing the precursor to the Commission on Public Relations Education and playing a central role in the formation of the Public Relations Student Society of America.

After decades of arguing that communication needs a seat at the leadership table and to advise those “in the room where it happens,” this has become more the reality in recent years. Earning and keeping the trust of stakeholders and creating societal value – not just financial value – has become an imperative for many chief executive officers and C-suite leaders. The concomitant rise of the chief communications officer (CCO) in many larger organizations has resulted in strategic communication finally becoming more *strategic* – not just being responsible for crafting messages that announce C-suite decisions, but serving as trusted advisors to the C-suite in the formulation of such decisions. This shift and elevation of the communication function has accelerated the mix of competencies expected of not just CCOs, but of everyone in the profession, as they seek to work more effectively with often MBA-trained businesspeople.

The book you are holding in your hands or reading on your screen represents our latest effort to help boost the confidence and business acumen of strategic communication professionals, particularly younger practitioners and students. The world has changed significantly since the publication of our first book, *Business Essentials for Strategic Communicators: Creating Shared Value for the Organization and its Stakeholders*, some seven years ago.

Since the publication of *Business Essentials*, a growing number of colleges and universities have overhauled their curriculum to include coursework on business acumen. Similarly, more agency and in-house training programs are emphasizing business acumen.

We are grateful for the feedback of the countless educators, students and professionals who helped shape this book. Diversity, equity and inclusion (DE&I) is a defining issue of our time. We have made an intentional effort to feature more diverse voices in this book.

Business Acumen is divided into five sections: an introduction to strategic communication and business acumen; a look at three guiding approaches to business that are increasingly prevalent in the C-suite; the people at the core of the relationships within and among business and society today; a dive into the essentials of the money and the numbers for communicators; a look at the business models of agencies and consultancies, and in-house communication teams and departments; and a final chapter on business acumen and professional development, which is chock full of actionable advice for putting into practice beyond the pages of the book.

Students and professionals alike are starved for time today as they juggle competing demands and more available media options than ever before. In the business world, this has even impacted the pace and length of meetings. Increasingly, *less is more*. With *Business Acumen*, we have tried to adopt a writing style that is conversational and accessible, as well as to make the chapters as concise as possible. The net result is to allow the reader to complete at least one chapter per sitting and to give you a sense of accomplishment and progress after each reading.

Every chapter includes an “Expert Insight” sidebar essay authored by a senior communication leader. At the end of each chapter, there are a set of discussion questions and keywords to review. Back by popular demand, *Business Acumen* features an updated and expanded glossary of business terms. To become fluent in the language of business means learning its vocabulary. The reference section is also updated and expanded. The subtitle of this book is very much intentional. Our goal with this book is for it to serve as a *primer* on developing your business acumen. We hope you will use the extensive reference section to help you dive deeper into the subject matter. We always welcome your feedback and comments.

In conclusion, two more timeless pieces of advice from Betsy Plank come to mind: invest something in the profession you practice and consider work

as grown-up play. In this spirit, we hope you find this book to be a worthy investment by us back into a field which has provided us with so much opportunity and satisfaction. Further, we hope this book shows that learning about the world of business doesn't need to be boring – and dare we say it – can even be fun.

Matt Ragas
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ACKNOWLEDGMENTS

Book collaborations are common in academia, but writing three books together in seven years is a feat that can only be achieved when the authors are passionate about the subject, share a mutual respect for each other and have plenty of colleagues and friends who enthusiastically support their efforts. We are blessed on all three counts as our latest book, *Business Acumen for Strategic Communicators: A Primer*, now builds on our first two joint efforts – *Business Essentials for Strategic Communicators: Creating Shared Value for the Organization and its Stakeholders* and *Mastering Business: C-suite Insights from Strategic Communications Leaders*.

We are grateful to the educators at more than 40 colleges in the United States and abroad who are using our books to help communications students understand the vital role of business in society. Increasing the business acumen of communicators is the goal of our books, since applying this knowledge will elevate the role, respect and influence of our profession on society.

Almost before the ink was dry on *Mastering Business*, our editor, Charlotte Maiorana, expressed interest in this book. Without a doubt we could not have done this without Charlotte, editorial assistant Katy Mathers and the talented Emerald Publishing team. We are also forever grateful to the diverse group of some 60 strategic communication professionals who enthusiastically provided their wise counsel and advice that you will read in the following pages. We are especially indebted to Linda Rutherford for her illuminating foreword.

Since beginning this mission, we have been personally humbled by the encouragement from professionals, students and colleagues who have urged us to write, speak and teach about business acumen. Nowhere was that support more gracious and enthusiastic than at the institution we've loved since both of us first walked onto the DePaul University campus roughly a decade ago. From interim provost Salma Ghanem and acting dean Lexa Murphy to our colleagues in the College of Communication, we are inspired by their

laser focus and commitment to the success of our students and alumni, especially during difficult and stressful times. Other partners in the effort to elevate the stature and business acumen of strategic communication and public relations pros are the many academic and professional groups, including those to which we belong – Arthur W. Page Society, Association for Education in Journalism and Mass Communication, Institute for Public Relations, the Museum of Public Relations, National Investor Relations Institute, Publicity Club of Chicago, Plank Center for Leadership in Public Relations and the Public Relations Society of America.

We thank our families and friends for their support, help and encouragement of this book. Our partners in life, Traci Ragas and Sandra Culp, have patiently endured hundreds of conversations throughout this and prior projects, and they occasionally chimed in at just the right moments to improve a word choice, delete an unnecessary comma or suggest that we take a break.

These acknowledgments began with a brief mention of the mutual respect the authors have for each other. Our instantly congenial academic kinship and shared values have grown into a mutual admiration society and perfectly balanced collaborative partnership. Ron is impressed by Matt's near encyclopedic business knowledge, organizational skills and his ability to translate often complex subjects into clear, coherent sentences. Matt admires Ron's steadfast commitment to teaching, mentoring and helping lift up others, as well as his eminent career in government, corporations and agencies where he built decades of knowledge and relationships that have helped create an invaluable perspective for our three books.

Finally, our thanks and respect to you, the reader, of this book. The fact you have chosen to devote your valuable time to reading it demonstrates your commitment to increasing your own business acumen, which we hope will both increase your confidence and enhance your career.