

## Value Drivers, Value Links and Key Performance Indicators of External Communication

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### 1. External Communication in the Corporate Strategy Map

In the process perspective of the Kaplan/Norton corporate Strategy Map, production and logistics processes, customer management processes, innovation processes and regulatory/social processes are the drivers of corporate success.

A crucial prerequisite for corporate operations is to build up and sustain the necessary license to operate, and to secure external stakeholder support for company operations. The way in which company management deals with regulatory and social environment issues determines the company's license to operate and level of support, and thus also helps determine the company's commercial success.

The company's social interaction processes with external stakeholders are largely communication-driven. The field of communication is external communication.

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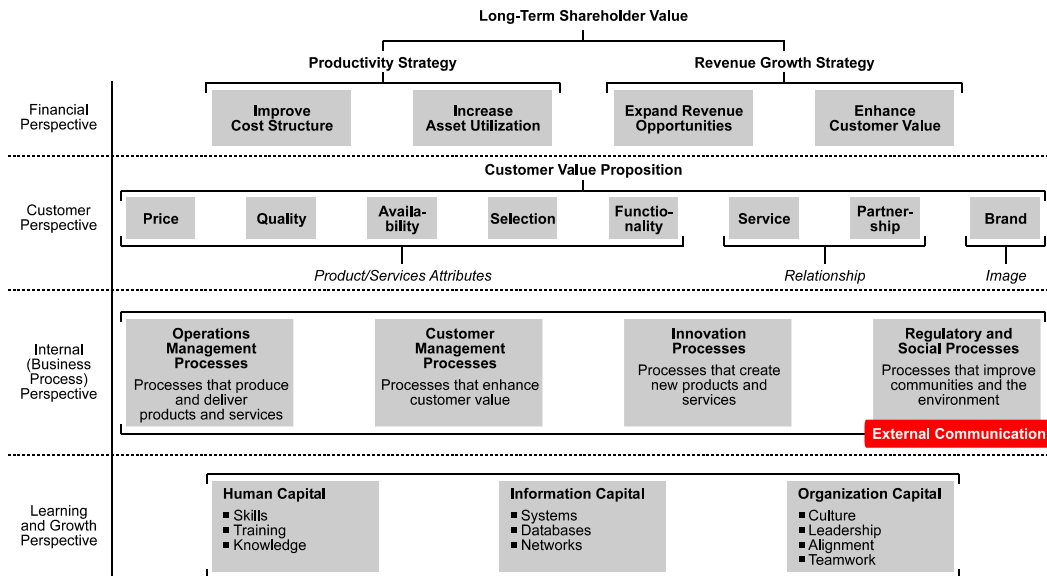
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## Corporate Strategy Map



(Kaplan/Norton 2004)

## 2. Value Drivers and Value Links

The primary and fundamental goal of external communication is to stimulate *attention*. The perception thus achieved is an essential factor in ensuring that a company and its messages become known in the first place. External corporate communication must therefore, first and foremost, build up awareness of the company among external stakeholders.

Once this basis is in place, further value links can be built upon it. These include a knowledge of the company's aims and strategies, and the company's contribution to society – whether by its own corporate actions (creating jobs, paying taxes, etc.) or with its products and services. The latter is reflected in the Corporate Social Responsibility (CSR) concept.

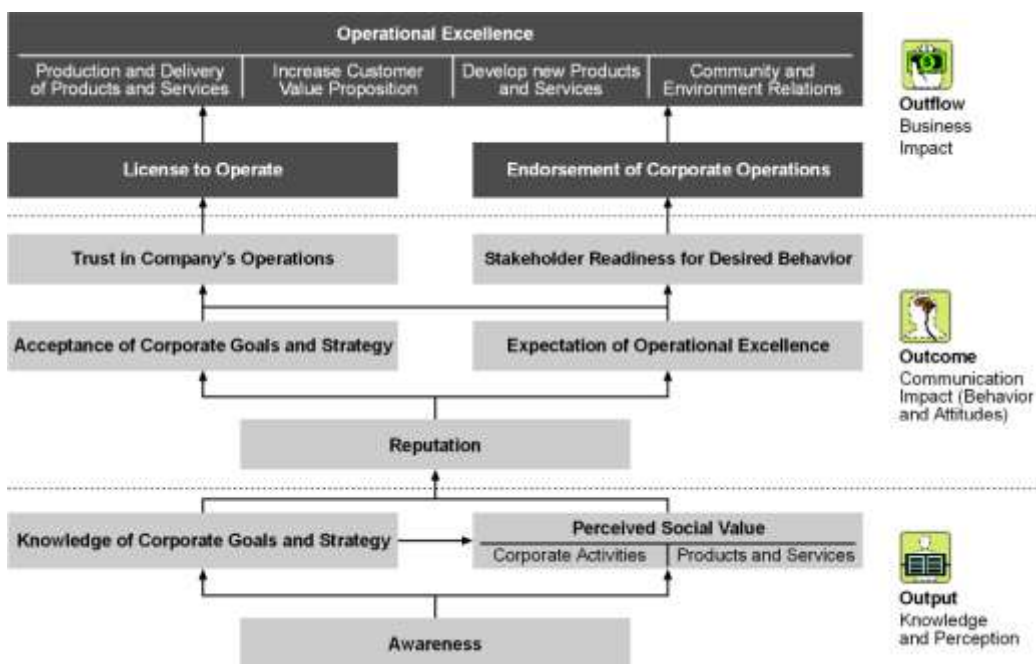
A high awareness level for the company and external stakeholder knowledge of its aims and strategies and its contribution to society are basic criteria for building up a *reputation* among stakeholders. Reputation implies the stakeholders' *acceptance* of corporate strategies and goals, and the stakeholders' confidence and trust in the company's ability to meet those goals and implement those strategies. This capacity to

meet corporate claims can be termed operational excellence; as such, the *implementation competence* stakeholders *attribute* to an organization is an expectation of excellence.

Acceptance of the company's aims and strategies, and expectation of operational excellence, promote *trust in the company's future behavior* and foster in external stakeholders an *attitude* that encourages *support and endorsement of the company's operational targets* in preference to those of rival companies.

With these value drivers, external communication pays into the company's commercial goals. It creates the necessary *license to operate* for the company and ensures *support and endorsement of the company's goals* from external stakeholders. Those are the prerequisites for ensuring that the company can secure *competitive advantages* over rival suppliers.

### Value Drivers and Value Links of External Communication



(Pfannenbergs 2006)

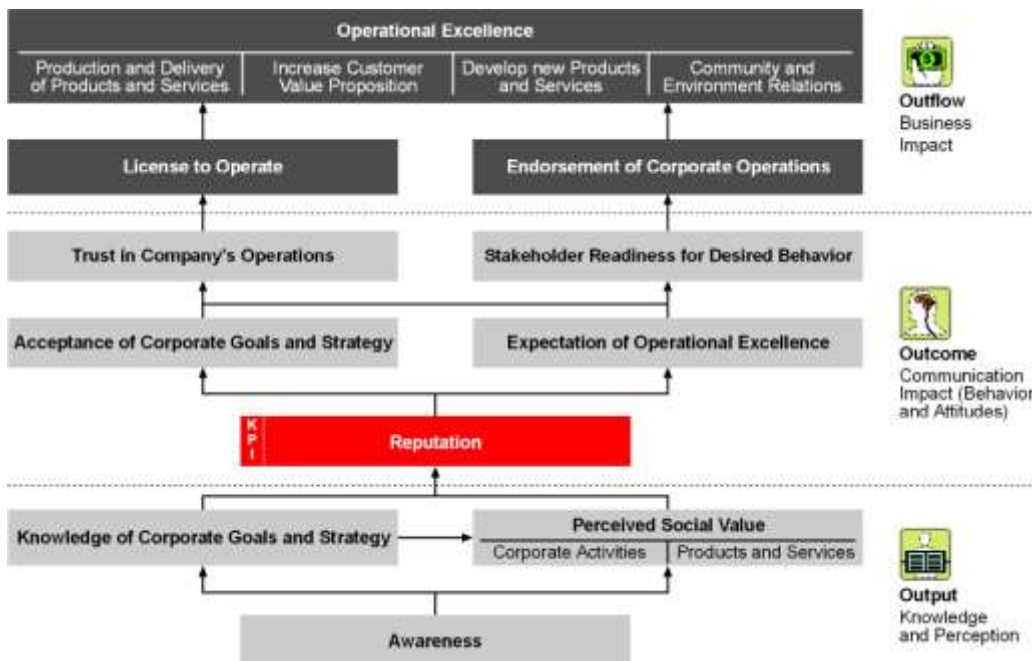
### 3. KPIs and Markers of External Communication

The most highly aggregated, primarily communication-driven effect of external communication is *reputation* – i.e. an indicator on the outcome level. The "higher" outcomes of acceptance, expectation of operations excellence, trust and endorsement of desired behavior and above all, the resultant outflows, are evidently not primarily communication-driven, but basically a function of the company's operational performance.

There are a number of parameters for the KPI of *reputation* on the market, some of which are benchmarkable on an international and industry-specific scale – with largely transparent measuring concepts, such as:

- The Harris/Fombrun Corporate Reputation Quotient
- The TNS Infratest Corporate Reputation Index.

### Value Drivers, Value Links and KPIs of External Communication



(Pfannenberg 2006)

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