▶ Position Paper
Communication Controlling

How to maximize and demonstrate the value creation through communication

Content

▸ The Term "Controlling" in International Management Accounting

Communication professionals and scholars might find it difficult to apply the term "controlling" to a concept aimed at supporting management processes though providing transparency regarding decision making and performance. Many will be reminded of "control" in everyday language. Accordingly, this is how the term is predominantly used in public relations and marketing literature – if used at all. However, linking communication to management requires communication practice to cross the borders of corporate functions and adopt management paradigms. The concept of "controlling" as described in this paper is well-established in continental European management research as well as in global companies and consultancies based there. The Institute of Management Accountants (IMA) in the United States and the International Federation of Accountants (IFAC) have acknowledged both the term and the standard definition by the International Group of Controlling (IGC) and agreed to use this in the Anglo-American context in the same way.

1. Introduction

▶ Management and evaluation in the corporate environment are key challenges for the communication sector. Thanks to the work of the U.S. Institute for Public Relations (Lindenmann et al.), as well as the Swedish Public Relations Association in Europe, there has been an international discussion about value-oriented business communication for years. It was driven by professional associations and researchers at universities. The resulting approaches focused on the evaluation of PR impact. These approaches, however, were insufficient for strategically managing the performance of corporate communication, as they did not fully comprehend the complex process of value creation through communications. In particular, they fail to effectively demonstrate return on investment in terms of business results (Watson/Zerfass 2011). Therefore, the discussion has increasingly shifted to service provision processes and intangible assets; i. e. success factors which can be significantly influenced by communications.

Common guidelines have become apparent only recently. In summer 2010, at the second European Summit on Measurement, communications experts from 33 countries approved the "Barcelona Declaration of Measurement Principles". This was the first time joint international standards had been drawn up for PR measurement. The Association for Measurement and Evaluation of Communication (AMEC) presented a "valid-metrics" model following this. Valid-metrics is a multi-stage model, which highlights the communication value proposition and shows performance indicators at different impact levels.

All of these initiatives were introduced by service providers and agencies within the communications sector. In order to implement approved standards, however, it is necessary to involve the corporate practitioners in charge of communication, who develop strategies, agree on objectives, establish processes and measure performance indicators. Such orientation on corporate practice and cooperation between communication managers and management accountants has been characterizing the development in the German-speaking countries. The discussion, led in Germany by the German Public Relations Society (DPRG) and the International Controller Accounting Association (ICV), engages PR executives, management accountants, and marketing communicators on the corporate side with researchers and professional service providers.

The close collaboration of professional communicators and management accountants is a special feature of this initiative. The first result of the alliance between DPRG and ICV was the publication of a joint reference framework for steering and evaluating communications called "Levels of Impact and Evaluation of Communication" in 2009. This framework is also supported by the Austrian and Swiss associations of PR professionals as well as by the German Communication Association (Kommunikationsverband). In this way, a common standard across Germany, Austria and Switzerland was created for a new management discipline called "Communication Controlling" (sometimes also referred to as "Communication Performance Management"; see box on page 4 for details). The ICV also published a „Basic model for Communication Controlling" in 2010, which serve as guidelines for management accounting of communication activities. Again, DPRG representatives took an active part in the development.

In the three German-speaking countries, companies ranging from medium-sized to global corporations, are already putting the DPRG and ICV's findings into practice. The framework is being applied in a wide range of companies including Daimler, Deutsche Telekom, Henkel, Hoerbiger, Siemens and Telekom Austria. The focus of application yet varies: The implementation of communication controlling may demand a higher level of integration in corporate strategy or aim at enhancing communication processes. It either supports specific business goals or is related to operational benchmarks, as in the case of the companies that form the Corporate Communication Cluster Vienna (see p. 23).

This publication aims to contribute to the further establishment of communication controlling standards at an international level. Theoretical principles will be outlined and guidance for practical implementation will be provided. ∎

2. Importance of Communication Controlling

▶ Top managers of companies and organizations are increasingly recognizing communication as a key factor in the creation of corporate value. New requirements in the corporate world are the main reason for this shift. Since a company's success is now so dependent on intangibles, the role of corporate communication has become more important and will continue to do so. Factors such as reputation and trust are key differentiators potentially providing companies with significant competitive advantage (Kaplan/Norton 2004). Effective corporate communication is the main

driver of these factors, once they are included in the strategic management process. In addition, many typical development, process and market objectives can only be achieved, if the relevant stakeholders support these goals through their opinions and behavior.

With the rise of social media, enterprises are facing further communication challenges: if communication with stakeholders was often limited to one-way information transfers in the past, stakeholders can now make use of a multitude of interactive media to take an active part in the communication process and network with each another. This development has also contributed to the growing expectation of senior management that corporate communication executives should make their contribution to achieving the corporate goals more transparent and manage it in a more persistent way.

Communication controlling helps corporate communication departments to deal with these new requirements: it enhances the integration of corporate communication in organizational processes and provides instruments for planning communications activities, tracking their impact and evaluating the resulting contribution to achieving corporate goals. This way, it helps to increase the effectiveness, the efficiency and the transparency of corporate communication.

An essential prerequisite for communication controlling is to establish a link between communication and corporate strategy. The European Communication Monitor 2011 confirmed that this is of central importance for PR executives. More than 2,200 communication managers from 43 countries took part in the study. Nearly half of them said that integrating communications into the corporate strategy would be one of their most pressing tasks over the next three years (Zerfass et al. 2011).

Those communication professionals, who agree their contribution to corporate value creation with senior management and demonstrate the outcome, raise their status within the company. Effective communication controlling allows communication professionals to align their activities with the success of the organization and to work more efficiently within their own area of responsibility. It moves them into a better position to explain both positive and negative developments and emphasizes their achievements more clearly. Communication professionals are thus enabled to expand their playing field within the organization and to claim higher budgets along with it (Storck 2011). ∎

3. Function and Structure of Corporate Communication

3.1. The Challenge of Stakeholder Management for Corporate Communication

▶ Corporate communication is responsible for supporting the goals of a company through the strategic management of stakeholder relationships. The value proposition consists is the steering of communication processes that influence the knowledge, attitudes, and ultimately the behavior of stakeholder groups in line with corporate objectives. Then outcomes sought from communication depend on the company's goals and the actions of stakeholder groups to make this happen. Accordingly, to gain stakeholder support, corporate communicators must understand their expectations of the organization. In this way value can be created (Lautenbach/Severin 2006, Helm/Liehr-Gobbers/Storck 2011). The stakeholder model (see Figure 1) illustrates the concept of corporate strategy-aligned communication.

1   Stakeholder model based on Rolke (2011)
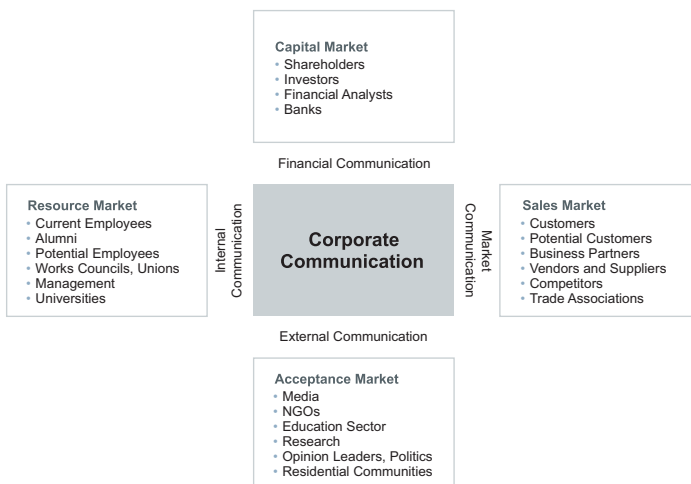
The model shows the four classic stakeholder markets of corporate communication, which can be assigned to different communication functions. The resource market is addressed through internal communication. It manages the relationships with former, current and potential employees, employee representatives and managers. Financial communication focus on the dialog with the target groups representing the capital market, such as shareholders, investors, analysts, banks and the financial media. External communication takes care of the acceptance market. It manages the relationship with and the reputation among politicians, NGOs, residents, opinion leaders, representatives from the education sector and the media in order to legitimize the social license to operate and to secure the organizational leeway.

Market communication primarily supports the sale and purchase of products and resources by building and sustaining the relationship with customers, prospective customers, business partners, suppliers, competitors, associations, trade and consumer media. They aim at creating a corporate image that supports the company's sales and procurement activities.

The model is a guide for identifying the key stakeholder groups of a company, highlighting their demands. A strategic approach to stakeholder management requires precise definitions of objectives and performance targets. Therefore, implementing such an approach paves the way towards professional communication controlling. As corporate goals can only be achieved in cooperation with other corporate functions, corporate communication should take the opportunity to become the driver of cross-functional collaboration. With this in mind, stakeholder management and communication controlling would be well-advised to follow an integrated approach. ∎

3.2. Value Creation through Communication

By strategically influencing stakeholder relationships, corporate communication contributes to business success in a variety of ways. Four dimensions of communicative added value can be identified: First, a distinction is to be made between economic and socio-political perspectives. In both areas, communication can contribute to value creation either by building intangible capital or by supporting service provision processes (see Figure 2).

2   Value-based management in the force field of economics and legitimacy, strategic and operational management (Zerfass 2007, 26; Zerfass 2008, 68)

	Profitability	Legitimacy
Strategic Management *Building immaterial assets*	Generating economic potential Reputation Corporate Brands Trust Credibility	Generating social potential
	Corporate Strategy (Positioning in business and society)	
Operational Management *Facilitating business activities*	Product Publicity ... Exploiting economic resources	Lobbying Corporate Responsibility Implementing social activities
	Supporting the bottom line	*Securing the licence to operate*

As an enabling function, corporate communication supports operational management in the ongoing creation of goods and services (products and/or services) by contributing to economic success (economic dimension) and implementing socio-political activities (socio-political dimension). Outcomes of this kind of activities are the strategic alignment of employees, the creation of room for maneuver and the influence of market preferences. At a strategic management level, corporate communication influences the development of intangible assets such as reputation, corporate brand or a culture that fosters innovation. As a means of investment, it helps to build potential for future success of the company, either in terms of business (economic dimension) or regarding the license to operate (socio-political dimension). Communication managers are asked to assess the relevance each dimension has for their company and to determine communicative goals accordingly. In this way, communication executives are able to translate the corporate strategy into communication activities with targets that are important and meaningful for the senior management of the company. ∎

4. Communication Controlling

4.1. Definition of Communication Controlling

▶ In practice, communication controlling is often mistakenly equated with „monitoring" or „evaluation". But this is only one part of the functional tasks communication controlling needs to fulfill. From a management accountancy perspective, the term "controlling" stands for the full management cycle comprising the planning, implementation, monitoring and evaluation of an organization's communication activities. It makes transparent how decisions are taken, how results relate to expenditure, whether resources are used efficiently and which results are achieved. As a support function, communication controlling provides methods and instruments for planning, steering and controlling corporate communication (ICV 2010, DIN SPEC 1086, Zerfass 2007, Zerfass 2010). The purpose of enhancing and demonstrating what communication contributes to corporate value creation makes the alignment of communication activities with the corporate strategy a key deliverable. Accordingly, there is no „one best way" for communication controlling. To be successful, it needs to take the specific conditions within a company into account and to develop a framework for steering and evaluation that matches them. ∎

4.2. Areas of Application

▶ To support communication executives effectively, communication controlling must reflect both the strategic and operational level of corporate communication.

The task of strategic communication controlling is to ensure the effectiveness of corporate communication („Are we doing the right things?"). It ensures the quality of the planning, steering and evaluation of communication activities. The focus is on the processes of corporate communication. Are they based on established tools such as the management cycle? Are the resources and structures sufficient to meet the expectations of the function's contribution to the success of the company?

At the strategic level, the task of communication controlling is to develop, monitor and adapt the communication strategy. It is responsible for the alignment of corporate and communication strategy. The focus is on how communication needs to contribute so that the organization can achieve its strategic goals. This starts with agreeing key deliverables and translating them into projects followed by

monitoring progress, reporting results and adapting plans to changing imperatives. Accordingly, communication controlling needs to provide tools for linking communications with the corporate strategy and identifying the function's contributions to value creation.

Operational communication controlling aims to optimize the potential for success of strategic projects. At this level, the focus is on the efficiency of corporate communication („Are we doing things right?"). Firstly, operative communication controlling is about steering, monitoring and analyzing communication activities. This comprises the evaluation of the operational quality in terms of both the production process and the availability of communicative offers (output). It furthermore evaluates the impact resulting from these measures (outcome) using empirical research methods. Success of the measures is looked at, along with their (expected) effects on the corresponding stakeholder groups. Secondly, operational communication controlling deals with the quality of management of communication measures, programs and campaigns (e.g. cogency, resource allocation, proximity to target). ∎

5. Levels of Impact and Evaluation of Communication

5.1. DPRG/ICV framework for Communication Controlling

▶ Assessing the contribution of communication to corporate value creation requires the tracking communication processes from their initiation to their potential economic impact. The DPRG/ICV framework for communication controlling describes such an impact level model (for more detail see ICV 2010, Rolke/Zerfass 2010, Zerfass 2010). Basically, this represents communicative inputs and effects, with the latter being spread across successive stages. The framework thus reveals the gradual impact of communication on stakeholders and clearly illustrates how communication is involved in the value creation process. Approaches developed outside the German-speaking community have also applied the logic of the effect level model (cf. the Valid Metrics matrix published by AMEC 2010).

The DPRG/ICV framework lays the structural foundation for communication controlling. It enables the systematic development of value chains running from corporate strategy to communication measures and their impacts onwards to corporate goal achievement. In this way, the entire process of value creation through

communication is made transparent. Programs are broken down to subsequent communication objectives at each impact level, supplemented with appropriate metrics and targets. The resulting value links establish a corridor of plausible cause-effect relations across all levels of communicative impact (Pfannenberg/Sass 2007).

3   The DPRG/ICV framework for communication controlling (DPRG / ICV 2009)

Levels of Impact		Input	Output		Outcome		Outflow
			Internal Output	External Output	Direct Outcome	Indirect Outcome	Value Creation
		Ressources	Process Efficiency	Media Coverage Content	Perception Utilization Knowledge	Opinion Attitudes Emotion	Impact on Strategic and/or Financial Targets (Value Chain)
			Quality of Works Product			Behavioral Disposition Behavior	Impact on Tangible and/or Intangible Assets (Capital Accumulation)
Measurement Range		Employee Assignment Financial Expenses	*Budget Compliance Throughput Times No. of Shortcomings*		*Awareness Unique Visitors*	*Reputation Index Brand Image Strategic Awareness of Employees*	*Sales No. of Project Agreements Cost Reduction*
Indicators (e.g.)		*Personnel Costs Outsourcing Costs*	*Readability/Fogg-Index Satisfaction of Internal Clients*	*Clippings Visits Downloads Impact Ratio Share of Voice*	*Session Length Reader per Issue Recall Recognition*	*Purchase Intention Leads Innovative Ideas Project Participation*	*Reputation Capital Brand Value Employee Performance*
MEASURED OBJECT		...	...	...	...	...	...
		ORGANISATION		MEDIA/CHANNELS	STAKEHOLDERS		ORGANISATION

Initiation of Communication Processes — Communication Processes — Results of Communication Processes

Low Impact on Value Creation
Strong Influence of Communications Management

High Impact on Value Creation
Weak Influence of Communications Management

The *input* level represents the expenditures on communication-related services, i.e. the use of financial and human resources. Both can be measured through cost categories. A helpful instrument here is the Activity Based Costing, a costing model that assigns the cost of each organizational activity to all products or services according to their actual consumption of resources. This allows the assignment of more indirect costs (overhead) into direct costs than conventional costing models (ICV 2010).

On the *output* level, a distinction is made between internal and external output. *Internal output* is about how efficient communicative offers are produced and about the quality of the delivered communication products or services. The higher the efficiency and effectiveness of communication processes, the greater the impact on value creation (provided the activities are in tune with the corporate strategy).

Suitable monitoring instruments at this level are process, concept or content analysis. At the *external output* level, the focus is on the dissemination of communicative offers for the relevant stakeholders, i.e. on the reach of corporate communication activities. Typical metrics include visits to corporate websites, or the media presence of a company. Achievements at this level do not necessarily indicate the desired influence on a given target group, but they mark an essential step on the way to exerting this influence.

The actual impact on the stakeholders is located at the *outcome* level. The *direct outcome* refers to the effect of communicative offers on how stakeholders perceive an organization. These include the use of content by a target audience and the resulting knowledge increase among such a group. Typical metrics at this stage are awareness, message recall or recognition. Such direct effects on stakeholder perception are necessary for influencing what is located at the *indirect outcome* level: the opinions, attitudes, behavioral dispositions and the actual behavior of stakeholder groups whose cooperation is critical for the success of the company. Established metrics for these kinds of impact are the strength of the corporate brand and reputation, the strategic awareness of employees or the employer attractiveness among needed talent groups.

The economic impact that results from the influence on stakeholder relationships exerted through corporate communication is assigned to the *outflow* level. At this stage it becomes visible what communication have actually contributed to achieving the financial and strategic goals of the organization. As described earlier, corporate communication can add value either by supporting service provision processes of other corporate functions or by creating intangible assets. As both kinds of contributions depend on the specific goals and strategy of the company, performance indicators at the outflow level are subject to a target dialog and agreement with senior management. The range of possible indicators includes business-related metrics such as sales, innovations, productivity etc. or intangible capital such as monetary brand value.

The use of management tools such as the Balanced Scorecard makes it possible to derive and demonstrate company-specific targets, indicators, measures and actions for corporate communication from corporate strategy and organize communication controlling around them. This process secures the effectiveness and efficiency of corporate communication and increases the ability of function executives to steer and evaluate the entire chain of value creation through communication. ■

5.2. Classification of Indicators

▶ Most questions about communication controlling relate to the indicators. What differences and different types of indicators are there? What do the different indicators do and how are they selected? Indicators are actual or intended values of a measurement (example: 65% approval, 2,000 participants), which provide transparency and enable goal-oriented steering at all impact levels. The use of indicators should be restricted to measure what is decisive for achieving a defined goal. Indicators condense operational information into meaningful and attributable figures that can be associated with specific targets. To help integrating communication in the strategic process of the company, indicators need to link the activities of the function to corporate goals. Two types of indicators can be distinguished across the different impact levels:

Result indicators describe the indirect or direct effect of communication on various stakeholder groups at the outcome level. They include metrics related to the perception, understanding, attitudes or behavior of stakeholders. Result indicators are not exclusively attributed to what the communication department does. More often than not, they are influenced by a combination of communication activities that may also be exerted by other corporate functions. Nevertheless, they provide information which is important for the monitoring and steering across communication disciplines. Examples of results indicators are awareness among relevant support groups or employee engagement.

A second group of indicators are the *performance indicators.* They appear at the input and output levels and reflect the process of making communicative offers. Performance indicators demonstrate how efficiently resources have been used to generate the contents, products and services of corporate communication, and how good the quality of these outputs was. This includes personnel costs, agency budgets, internal customers' satisfaction or the quality of communication products. At the external output level, they relate to communication activities indicating the success of the latter in terms of availability for the targeted audiences. Examples of performance indicators at this level are metrics of media coverage data or participation in events.

To focus the attention of their department on those aspects of communicative performance that are the most critical for the current and future success of the organization (Parmenter 2007), communication executives use this pool of metrics to select the Key Performance Indicators (KPIs) which are used in a Balanced

Scorecard. These non-financial data guide the management of the communication function and are acted on by corporate leadership. KPIs represent the highest level of target-oriented impact on relevant stakeholder groups that can be attributed to corporate communication. Accordingly, the KPIs are closely linked to the function's contributions to achieving the corporate goals expected by the senior management. Accordingly, they are used to demonstrate the overall performance of the entire communication sector in the corporate-wide management reporting and are related to the company's key success factors.

In general, the closer an indicator is related to specific operations, the easier it can be adapted to specific requirements. Highly aggregated indicators (e.g. a reputation index) allow longer-term comparisons and are better suited to benchmark generic objectives. A balanced and coherent performance measurement system will provide transparency at all levels of impact and thus increase the ability of the organization to steer its communication in tune with the corporate strategy. ∎

5.3. Examples of Value Links Using the Impact Level Model

▶ In order to demonstrate how the impact level framework works in practice, the following section provides examples for the application of the value link approach in key disciplines of corporate communication: external communication, internal communication, market communication and financial communication. The examples are fictional and illustrate the cause-effect relations that are typical for strategized corporate communication, using communication controlling principles.

External Communication

A furniture store wants to move to a new location. The relocation has the support of local authorities, but both the company and the relocation project are little known in the region. The furniture store aims to re-open on time with minimal transaction costs. Taking a long-term perspective, the company wants to make sure it is accepted by the regional public (local residents, politicians, local opinion leaders) in order to sustain its social 'license to operate'. Figure 4 shows an example of an impact chain, which illustrates the communicative value proposition at all levels and explains how communication activities are linked to the corporate goals at the outflow level.

4 Value link example for external communication

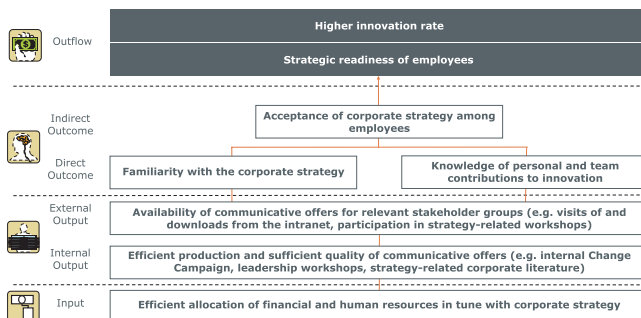|			
Outflow	**LICENCE TO OPERATE**		
	Support of local establishment		**Low transaction costs**
Indirect Outcome	Trust in the company and the senior management		Public acceptanz of advantages resulting from the new establishment
Direct Outcome	Awareness of the company and its field of activity		Knowledge of reasons speaking in favor of the new settlement
External Output	Availability of communicative offers for relevant stakeholder groups (e.g. number of contacts, clippings, visits, media coverage of corporate key messages and strategic issues)		
Internal Output	Efficient production and sufficient quality of communicative offers (e.g. open day, local publications, local and regional media and PR activities)		
Input	Efficient allocation of financial and human resources in tune with corporate strategy		

Internal Communication

A medium-sized automotive supplier wants to significantly increase the share of new products in its portfolio. At present, the corporate culture is not characterized by a high willingness to innovate. The communication department is tasked to support the company's goal by encouraging staff engagement in innovation and product development (strategic readiness) through an internal communication program. The corresponding value creation process is shown in Figure 5.

5 Value link example for internal communication

Outflow	**Higher innovation rate**		
	Strategic readiness of employees		
Indirect Outcome	Acceptance of corporate strategy among employees		
Direct Outcome	Familiarity with the corporate strategy		Knowledge of personal and team contributions to innovation
External Output	Availability of communicative offers for relevant stakeholder groups (e.g. visits of and downloads from the intranet, participation in strategy-related workshops)		
Internal Output	Efficient production and sufficient quality of communicative offers (e.g. internal Change Campaign, leadership workshops, strategy-related corporate literature)		
Input	Efficient allocation of financial and human resources in tune with corporate strategy		

Market communication

A tour operator has expanded its portfolio by introducing a new luxury destination. The offer is aimed at high-value customers who need to be convinced of the benefits of this new destination, so that enough bookings are generated. In addition to traditional marketing methods, corporate communication is asked to develop a PR strategy that convinces potential customers to choose the new destination. The multi-stage process of value-adding corporate communication is shown in Figure 6.
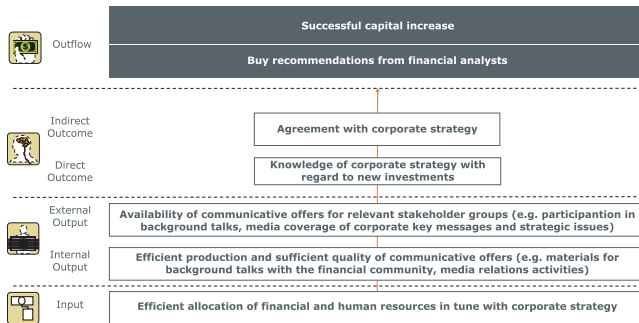
6 Value link example for market communication

Outflow	**Intended bookings for new destination**
Indirect Outcome	**Inclusion of new destination into relevant set of customers/potential customers**
Direct Outcome	**Awareness of offers and knowledge of its advantages** / **Stimulation of interest in the offer and information-seeking behavior**
External Output	**Availability of communicative offers for relevant stakeholder groups (e.g. media coverage of corporate key messages and strategic issues, number of media cooperations)**
Internal Output	**Efficient production and sufficient quality of communicative offers (e.g. feature stories, press trips, media cooperation packages)**
Input	**Efficient allocation of financial and human resources in tune with corporate strategy**

Financial Communication

A publicly-owned cosmetics company is planning to increase its capital stock to fund new investments. In order to issue the new shares successfully, analysts and potential investors must believe in the profitability of the investment. To achieve this, the communication department must develop and spread a convincing equity story. The process of this contribution to the corporate value creation is shown in Figure 7.

7   Value link example for financial communication

Outflow	Successful capital increase	
	Buy recommendations from financial analysts	
Indirect Outcome	Agreement with corporate strategy	
Direct Outcome	Knowledge of corporate strategy with regard to new investments	
External Output	Availability of communicative offers for relevant stakeholder groups (e.g. participation in background talks, media coverage of corporate key messages and strategic issues)	
Internal Output	Efficient production and sufficient quality of communicative offers (e.g. materials for background talks with the financial community, media relations activities)	
Input	Efficient allocation of financial and human resources in tune with corporate strategy	

6. Implementation of Communication Controlling

6.1. Implementation Prerequisites

▶ As they are linked to corporate goals, communication controlling systems need to reflect the specific strategy, structure and culture of a company. Although the terms, tools and processes of communication controlling are universal, the concept needs to be adapted to the specific requirements of any organization. There are many factors which influence the communication controlling system including how clearly a company has defined its corporate objectives, whether it uses a Balanced Scorecard or other performance management tools, in how far measurement and evaluation are part of the corporate culture, and the organisation of the communication function.

Professional communication controlling always needs to take both effectiveness and efficiency into account, but the way this is done is flexible. Depending on what is asked from corporate communication, the management system can have a stronger focus on strategic or operational tasks, on impacts or processes. The deeper goal-orientation, focus on processes, and willingness to innovate are rooted in a corporate culture, the easier a comprehensive communication controlling system can be introduced.

For the successful implementation, it is particularly important that top managers show their commitment. To avoid rejection and win the support of their colleagues, communication managers need strong and visible backing from senior executives.

It may also be helpful to put forward organizational challenges, such as internal competition for resources or the need to comply with audit requirements and performance targets.
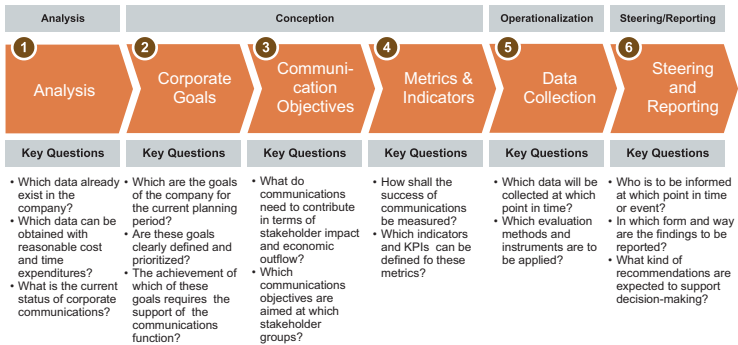
Communication controlling is still a young discipline. It is fairly new for most companies and implementation asks for considerable effort, including behavioral change among PR professionals and corporate communicators. Therefore, it is crucial to be transparent about the reasons for introducing such a system and to take care that everyone in the communication department sees how he or she can benefit from it.

Another critical success factor is a close co-operation with those who are in charge of management accounting on corporate level. Joint understanding of the project helps develop functional reporting interfaces and fosters agreement on KPIs that are relevant and meaningful for senior communicators acting upon them.　　　　■

6.2. Implementation Steps

▶ The development and implementation of a communication controlling system follows a typical process flow consisting of four phases: analysis, conception, operationalization and steering/reporting (Figure 8).

8　　Implementation steps of communication controlling (Lautenbach/Sass 2009)

Analysis	Conception			Operationalization	Steering/Reporting
① Analysis	**②** Corporate Goals	**③** Communi- cation Objectives	**④** Metrics & Indicators	**⑤** Data Collection	**⑥** Steering and Reporting
Key Questions	**Key Questions**	**Key Questions**	**Key Questions**	**Key Questions**	**Key Questions**
• Which data already exist in the company? • Which data can be obtained with reasonable cost and time expenditures? • What is the current status of corporate communications?	• Which are the goals of the company for the current planning period? • Are these goals clearly defined and prioritized? • The achievement of which of these goals requires the support of the communications function?	• What do communications need to contribute in terms of stakeholder impact and economic outflow? • Which communications objectives are aimed at which stakeholder groups?	• How shall the success of communications be measured? • Which indicators and KPIs can be defined fo these metrics?	• Which data will be collected at which point in time? • Which evaluation methods and instruments are to be applied?	• Who is to be informed at which point in time or event? • In which form and way are the findings to be reported? • What kind of recommendations are expected to support decision-making?

The *analysis phase* comprises the collection, systematization and evaluation of survey methods, studies and data sources. To avoid redundancies, it is helpful to start with an audit of the existing monitoring, evaluation and steering instruments. Most companies already measure a variety of communication impacts. To find these data, evaluate the applied methods and integrate the useful material in the future system not only helps saving cost and time expenditures but winning the support from the research owners.

The aim of the *conception phase* to develop a practical and company-specific framework for communication controlling. This can be summed up in a three-step process. The first task is to identify those corporate goals that can only be achieved through the support of communication. These goals are then translated into communication objectives related to those stakeholder groups whose behavior is critical for enabling the corporate strategy. The last step is to develop and agree on (key) performance and result indicators for monitoring progress and evaluating target achievement. A detailed documentation of the management system helps communication executives to handle its complexity and adapt it to future challenges.

During the *operationalization phase*, data collection and analysis processes are established. In cooperation with the communication managers who will later be held accountable, roles and responsibilities are assigned to all functions involved. Based on the defined indicators, actual values are confirmed and target values agreed. These include documented clarification as to which data are to be collected, who will be in charge, timescale, methods to be applied, and the instruments used.

The last phase deals with the *steering and reporting* of corporate communication. Communication scorecards are a tried-and-tested steering tool, best suited for integrating the key result and performance indicators of the various areas and levels of corporate communication. Communication executives and management accountants also need to agree how the relevant indicators and developments within corporate communication are to be processed and regularly reported (Pollmann/Sass 2011). A trial period will provide first learnings regarding the usability of the management system and ideas for further optimization. Experiences made during the implementation will enable communication professionals to adapt their steering and evaluation methods, thus initiating the process of on-going improvement. ∎

6.3. Communication Controlling in Practice

▶ There are many options how the communication controlling model can be put into practice. Which is the best way for a specific company depends on its strategic goals, corporate culture and current situation. The following questions help identifying the main barriers and key drivers of the process: Should the monitoring and evaluation be international and centralized? Which organizational structures need to be considered? How distinctive is the company's target system? Which employees are to be engaged in developing the communication controlling system? The impact level model provides the universal logic of communication controlling. The scope and the design of any management system, however, need to address the key challenges faced by the organization, for which it the system is implemented.

Henkel, for example, implemented global communication controlling based on the Balanced Scorecard approach in 2002. The primary purpose of the project was to steer the new corporate brand and umbrella brand architecture consistently throughout the world. The aim was to align communication objectives with strategic business goals. The new steering system provided a common base for budget decisions within communication worldwide and enabled the department to prove its contribution to corporate value creation. During implementation, key priorities were the definition of KPIs for corporate communication and the introduction of a performance management system based on the key message penetration.

Deutsche Telekom introduced a steering system for communication with a national scope. The aim was to rigorously focus all communication activities on the new corporate strategy. Accordingly, the new communication strategy was to be built solely on objectives derived from corporate goals. The main challenge was to measure progress and achievements in such a way that it was transparent what each of the various communication functions contributed to realizing the corporate strategy. Another important aspect was to integrate the extensive research data that already existed, yet scattered throughout the organization. The resulting management system demonstrated the impacts and achievements of communication via function-specific scorecards. A uniform reporting based on standardized indicators informed the communication controlling on the corporate level.

The main focus of communication controlling at Hoerbiger Holding in Switzerland was to assign communication tasks to all employees in order to align them with strategic communication objectives. Another aim was to steer the most important

communication projects at the corporate and business unit level. The third objective was to steer and evaluate the external services providers to keep them in tune with the company-wide communication goals and to assure the quality of their work. To meet all of these requirements, Hoerbiger has implemented a hierarchical system of communication scorecards.

Different interests guided the Corporate Communication Cluster Vienna (CCCV) to implement the DPRG/ICV framework for communication controlling. Led by communication researchers from the Universities of Leipzig and Fribourg, 16 leading Austrian companies and institutions including A1 Telekom Austria, Austrian Airlines, Bank Austria, OMV, ÖBB and Voestalpine joined forces to develop common processes, standardized metrics and benchmarks for their corporate communication. Since 2009, the members have used a standardized set of indicators to monitor, steer and evaluate their activities. ∎

7. Outlook

▶ As the key to greater efficiency and effectiveness of corporate communication, communication controlling is likely to be implemented in more and more companies, institutions and non-governmental organizations. There is only one way to realize the full value creation potential of corporate communication: making top managers understand what the function essentially contributes to translate their strategy into the company's success. Pseudo-approaches to monetary valuation such as Advertising Value Equivalents (AVEs) provided only very limited legitimacy in the eyes of corporate leaders. Professional steering and evaluating communication performance in accordance with corporate strategy, however, offers the opportunity to raise the profile and expand the playing field of corporate communication.

How do we get there? Communication controlling needs to meet three key challenges: One of them is gathering further empirical proof for communication value links from the input to the outflow level.

The second critical success factor is collecting a sufficient number of best practice examples from around the world. We need credible testimonials to tempt more PR executives to start the journey. With this aim in mind, the ICV communication controlling taskforce established a working group that helps applying the ICV model in companies and institutions. Since 2010, participating organizations receive the

support of leading experts free of charge. In return, they share their experiences with the group and publish a case study on how they developed and implemented a company-specific communication controlling system. What already has become apparent: implementing state-of-the-art communication controlling does not necessarily require a large budget but it needs determination and the support of senior management.

The last and most important challenge is standardization. Ten years ago, there were as many different models on the market in Germany as there were corporate communication consultancies. Now we have a framework that is widely accepted among PR professionals, management accountants and leading scientists throughout German-speaking countries. Similar developments took place in the English-speaking business world and in the academic realm. As business administration has become a universal discipline, the logical next step on the way to establishing communication controlling is discussing about global standards. ■

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