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HOW WE MAKE THE FUTURE BRIGHT FOR PR

Good afternoon, ladies and gentlemen,

It is a real honor for me to be invited to the ICCO Summit and to have the opportunity to share my thoughts with such a distinguished assembly, “la crème de la crème” of the PR and Communication Industry.

I appreciate how brave the organizers are for asking me –I have only been working in PR for two years after all - to discuss “HOW WE MAKE THE FUTURE BRIGHT FOR PR” after the best PR experts have presented their views during the last two days.

I feel like Liz Taylor’s eighth husband: whatever he said or did probably had a sense of “déjà vu”.

Maybe, they thought of me because I have spent the last 18 months building a global PR and Event Agency: MSLGROUP is now, according to the Holmes Report, the N°4 global network in this field when we integrate Schwartz Communications, our latest acquisition in the United States.

Or maybe is it because I have also been in charge of a global advertising agency, Publicis Worldwide, and I have spent fifteen years in media, managing and transforming the business model of newspapers to adapt them to a more and more digital world.

They might have thought that I can offer a new and fresh perspective on the Communication world and its future at a time when senior managers of the industry would instinctively think that a change or a reset is needed.

Anyway, I am sincerely delighted to have this opportunity. I have already learned a lot thanks to all the very interesting speakers I have listened to during this Summit. And I will try to summarize key ideas with my own words.

Before going further, let’s watch a short video.

Yes, what would you have done when your clients are confronted by major crises like those we just had a glimpse of? The irony is that the greater the trouble the brighter our future **should** be. But, we all agree, I suppose, that managing the reputation of companies and building strong brands is more and more complex.

What I would like to do now is:

1. To look at a few shockwaves that have impacted our companies and societies recently. It is my feeling that they are changing the way we **live**, the way we **work** in a much more forceful way that we usually admit. I think that Americans, Europeans, and Japanese, in other words people that were ruling the business world 20 years ago have not completely grasped how profound these transformations are and **have barely changed the way they live or work when much more radical initiatives were, and are still badly needed**. One shockwave is what I call "the 3 billion new traders" challenge. Another one is the "1 billion journalists" challenge. And a third one is the "9 billion survivors" challenge.
2. Then I will share with you what I think the consequences of these major shifts could be for our industry, the kind of services we should be providing if we want PR **not only to be at the heart of**, but **to lead** the marketing and communication practice.

So let's start with the "**3 billion new traders challenge**".

To me, the biggest earthquake of all times, in living memory, has happened in a relatively short period of time, in the grand scheme of things, roughly between 1980 and 2000. And we are still seeing its aftershocks happening almost every day.

It actually started in 1979, when Deng Xiaoping visited the US, met Jimmy Carter, visited NASA, visited the Boeing headquarter in Seattle as well as Coca-Cola HQ in Atlanta. He sent then a strong message to his people, members of the communist party, and said: "**it is good to get rich**". This was a strong signal and the beginning of an unprecedented 30 year period of growth in China.

In 1989 the Berlin wall falls, the Soviet Union tumbles opening all ex-soviet republics to international trade and leading to re-unification of Germany.

In 1991, Manmohan Singh, the then Finance Minister of India launched economic reforms that opened the Indian economy to greater international trade and investment.

In 1992, Fernando Henrique Cardoso was appointed Minister of finance. He crafted a highly successful plan "Plano Real" that granted stability to the Brazilian economy. He managed a smooth political transition with Lula, Brazil jumped on the band wagon of the new Latin America parade.

So, in less than 20 years a huge shockwave hit the traditional economic powers of the 70s, the US, Europe and Japan. 3 billion people who, for various reasons were isolated from what we called the Western world, started to play a role and to compete with "US".

These 3 billion people, half of the world population in the 90s, want a more balanced world, a world where they can be part of all the institutions and the global decision-making processes that are shaping the future of our planet.

How did WE react to this formidable challenge during the last 20 years?

Well great thinkers of the Western world thought that we had the best economic and political systems and that these new and fast-growing countries had to learn from us, that they had to adapt to us. How arrogant and complacent that was.

Worse, the US, Western Europe and Japan spent the last 30 years living way above their means, they invented very sophisticated financial techniques that allowed our governments, central bankers and other key decision-makers to ignore the looming crisis of private and sovereign **debt**. The West was in denial. And, to a certain extent, still is in denial. We have not understood how to adapt to the "3 billion new traders challenge". I'll share with you later what I think it means for the PR industry.

Let's move to the "**1 billion journalists**" challenge.

Not long ago, the media industry, so important for our PR activity, was a very capital-intensive industry. Journalists were employed by those tycoons that could invest in global news-gathering networks, Dow Jones or Reuters, or in TV and radio broadcasting networks, or able to invest in expensive print and distribution systems. They were dictating the news agenda and were influencing comment and analysis pages or programs that, in turn, were influencing the masses.

This still exists of course but, nowadays, a clever individual can also reach a massive audience through the web and "social media", without belonging to one of the big news organizations. News can travel faster on Twitter than it does on Reuters, Dow Jones or Bloomberg. Worse the credibility and reputation of journalists is probably at an all-time low. And the phone-hacking issue is only one of too many scandals that have tarnished the reputation and trustworthiness of news organizations.

Today anyone who has a good or bad experience with a company, an institution or with a brand can express his or her views openly and reach tens of thousands of "friends", or more, at the speed of light. News published by these individuals travel around the world in seconds. This global connection used to be the privilege of the financial community, but it now happens in any on-line organized community. Conversations are happening 24/7, in a very fragmented world that has no boundaries. Maybe some of you are tweeting right now: summits, conferences can't any longer happen between closed doors.

We are bombarded with numbers: "if Facebook was a country it would be the third largest country in the world, with its 800 millions "friends". There are millions of videos being

downloaded from Youtube every hour, 80% of people today are aware of Twitter, but only 16% are using it, etc..

Is it a fad? I don't think so. Ask the music industry: its managers didn't accept that a peer-to-peer technology invented by two students in the late 90s would transform their industry. They even tried to ban it. Today EMI, Sony Music, Warner Music, and Universal music called the Majors, have allowed Apple to lead the market. Game over. More importantly, it will happen in all publishing activities: book publishing, newspapers and magazines, Radio, TV channels, Films.

The web, the cloud and all its applications and the new mobile devices are profoundly changing the way we work, the way we learn, the way we create new services and the way opinions are formed. The world is shifting from a very top-down to a bottom-up and collaborative approach. A wiki-world?

Now, let's have a quick look at the third issue: **the "9 billion survivors challenge"**. This is a tough one, the "Inconvenient truth", the climate change challenge. Imagine you are between 20 and 25 years old today, you are our clients and the consumers of tomorrow - and the young talent of today. Unlike my generation, you take it for granted that the resources of the planet are **finite**. That life and the planet are in danger and have to be protected, that life in cities, where 75% of the world population will live in 25 years time, has to change radically. What I call the 4G, the Google, Green and Generous Generation has pushed the sustainability agenda that is making oil companies, car companies, train companies, even beauty product or food companies change not only their communication but have also pushed companies to re-think the way they use natural resources.

We have to re-invent a way of life that will allow 9 billion people to live in harmony on earth by 2030. i.e, tomorrow.

So what does all this mean for our PR industry? Let's look again at the **3 billion new traders challenge**.

1. The world is becoming more and more complex. Well **complexity is good for PR and strategic communication consultants**: if we succeed in being our clients **most trusted advisors**, then the future is bright. CEOs are more and more isolated. They can't always share their thoughts and concerns internally or externally. **Communication consultants are here to help them with their company's reputation, image and the CEO's image itself**.
2. The turnover rate at the top is becoming really worrying: Leo Apotheker stayed less than a year at the helm of HP, Oswald Grübel , not even two years at UBS, just to take two examples of very recent moves. I am sure that you can think of many more. CMOs tenure is, on average, less than two years. This means that we have to establish strong relationships **with our clients at several levels, at Board level, at**

CMO or CCO and Brand managers level. If we rely only on one client, changes will threaten our client relationship.

3. **Insights and real trends:** CEOs need people from outside that can help them to separate the **mundane** from the **critical**, the froth from real trends that are re-shaping their industry (For instance the Cloud is threatening the business model of software publishers like Microsoft, Oracle and SAP; new mobile devices and tablets are threatening established PC manufacturers).

We need to raise our game, to produce insights and ideas that will make our clients shine. **We want our clients to be thought-leaders in their respective field, to anticipate significant shifts.** I know it is easier said than done, but it is where our future lies. Quality research, analysis and strategic thinking are more important than they have ever been.

The “**3 billion new traders challenge**” also means that we need to have a global approach, a global footprint, and a multi-cultural approach. It can't be a one way street forever, from West to East or from north to south. I mean by that: helping companies from fast-growing markets - India, China, Russia, Brazil - to navigate the Western world and to develop their business in Europe or in the US. This is also a fantastic opportunity for our companies.

To seize this opportunity we have to hire talent from these countries. Our agencies have to welcome diversity in a genuine way, to be able to host many different cultures under one roof. This is certainly what we are trying to do at MSLGROUP. We want talented people who speak several languages, who have travelled the world and, ideally, who have worked in several countries.

We need people who can manage ambiguity.

What about the “One billion journalists” challenge? What does it mean for us?

1. First, I think that, pretty soon, we will not talk about digital, what we call **digital will be embedded in everything we do.** There will be no work, in consumer PR as well as in Corporate Communication, without a strong social media component.
2. **Social media is erasing boundaries between marketing and communication disciplines.** We, in PR need to fight hard to demonstrate that we have specific skills that should put us at the center of the conversation economy.
3. One billion people using social media: it is the largest jury in the world. We need to **help our clients to learn what true transparency and authenticity mean.**
4. In a digital world, companies can collect mountains of data about behavior, preferences. We need to show that we can be better than other potential competitors at filtering and interpreting data. We live in a world where there is no lack of data. There is a lack of superior analysis.
5. Social media platforms could become direct competitors if they hire the right skills. They will have more data about consumption habits and brand perceptions than anybody else.

6. Since conversations are taking place 24/7, storytelling is more important than ever. We need to immerse ourselves in those conversations.
7. In the cloud, on the web, people expect to find new, exciting or surprising stories every day. The life span of news is quite short. Creativity is a must.
Who said: "Technology is shifting the power away from the editors, the publishers, the establishment, the media elite. Now it is the people who are in control"? Answer: Rupert Murdoch.

Who said: "Consumers are beginning in a very real sense to own our brands and participate in their creation. We need to begin to learn to let go"? Answer: A.G. Lafley, former Chairman and CEO of P&G.

Now, on to the "**9 billion survivors challenge**".

1. My view is that we must take it very seriously and all our clients will have to adapt their strategy to tackle this challenge. Because the young talent they want to attract take it very seriously. Green-washing is very counter-productive
2. Ten years ago, when I was in London, managing the FT, CSR was mostly a box-ticking exercise. Listed companies had to write a CSR report with their annual report and most of them considered CSR as a burden.
3. Today, CSR has to be embedded in the company's strategic thinking, it must influence every aspect of what HR, IT, Finance and other functions do.
4. Young talent will go to companies that have a real willingness to change their business model and to embrace sustainable development.

Who said: "We see sustainability, **both social and environmental, as a powerful path to innovation** , and crucial to our growth strategies"? Answer: Mark Parker, CEO, Nike.

As you can see the formidable challenges that our clients are confronted with are also formidable opportunities for the PR industry if we know how to seize the day.

We need to choose our battles, following very ethical guidelines, sticking to our values and above all, we need to make our companies "learning companies".

A learning company is one that encourages people to test new approaches, to share best practice, to be open to new ideas.

Thank you so much for your attention.

Olivier Fleurot

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