

The true value of corporate communication lies in measurable business outcomes. But a detailed plan and budget goes a long way toward winning leadership support and getting the go ahead for future budget and resources. Here, Stuart Goldstein outlines how the communication team at the Depository Trust & Clearing Corporation (DTCC), uses plans, budgets and reports to demonstrate the value and expertise of the function.

Selling the communication function and budget at DTCC

Using budgets, plans and reports to demonstrate value

By Stuart Z. Goldstein

The DTCC through its subsidiaries provides clearance, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities and over-the-counter credit derivatives. DTCC has operating facilities in multiple locations in the US and overseas.

One of the biggest challenges corporate communication professionals face is how to sell the value of their function to senior management. This is especially true during budget season.

It's not that senior executives don't appreciate the effort we've made on that recent media interview or the speech we wrote. But the overriding question that always lingers is, what is the corporation's return-on-investment (ROI) in funding our entire communication group?

If we're not able to defend the value of what our department delivers, the budget process will slowly chip away at our funding until we lack the resources to do our job effectively.

Corporate communication professionals are for the most part intuitive. This ability to perceive what's going on and react quickly is a unique skill. The corporation, for the most part, is not intuitive. Its strongest suit is looking at process and different techniques for assessing

performance and making judgments based on black and white facts and numbers.

While the functions performed under the umbrella of corporate communication differ greatly from company to company, the reality remains the same. It's the whole of our operation we must sell to senior management. If we give less attention to one area of our group over another (e.g., executive communications vs. media relations), we could be inviting the company to reduce budgeting for staff in one function or another.

Selling the function throughout the year

At DTCC, we view selling the corporate communication function as a year-long exercise. It starts with our budget, and includes reporting on our activities in a structured and formal way.

We also emphasize with every member of staff that he or she should look at every senior management interaction as an informal opportunity to educate and sell our expertise. If communication theory and strategy were well understood, the company wouldn't need us. But the difference between being tolerated and valued – is being understood. It's ironic, but often the

folks who are leading the effort to strategically position and market the company are less adept at selling themselves and their function.

The importance of the plan

All corporate communication departments develop and submit plans. So what's the big deal? Well, it really is a matter of perspective. As communicators, our perspective is often focused on whether we'll have the resources to do what we know needs doing to enhance or protect the company's image and reputation.

Senior management's perspective is "how do we know the corporate communication group will deliver and fully leverage the resources they're asking for? And what measurement tools are here to convince us there will be an ROI?"

Funding communication is not an act of blind faith. Even in companies where the culture values the importance of communicating with its various constituencies, the burden of proof for funding lies with a solid plan that communicates how resources will garner specific results.

At DTCC, we view the yearly budget document as a strategic tool in selling, not only funding, but the value of the function itself. To achieve that objective, our plan document is very detailed. As one senior executive commented this year, "your group always gives us the transparency to understand what the cost is for your support and how you came up with the numbers."

Working with timesheets

Last year, we introduced daily timesheets so we could begin tracking and documenting the allocation of our time by line business units, as well as the support we provide to the corporation (see Figure One, page 24). This timesheet approach is similar to other professional services firms (e.g., outside PR agencies, law or accounting firms).

The aggregation of timesheet information gives us a clearer picture on the actual usage of corporate communication services, which in our environment includes media relations, executive communication, internal, marketing communication, branding and advertising, corporate Web site and internal design.

But while timesheets provide a corroborating baseline of information to demonstrate the level of support previously provided, we still need additional tools to justify our budget request.

Defining tangible products

Borrowing an approach used in the consulting world, we launched an effort last year to define

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all the tangible end-products our group produces for the company and for each business unit (e.g., press releases, speeches, employee newsletters, marketing brochures, white papers, etc.). We then asked the corporate communication professionals on staff to estimate the number of hours required to complete each end-product.

It was important in this exercise that the estimate of time to complete an end-product included all of the activities necessary. For example, the time required to do the research; to write documents; the administrative time; the time spent writing; the time spent reviewing the draft with legal, the line business and outside parties if appropriate; and time spent managing the production and distribution.

In writing a press release, an article or even a marketing brochure, for instance, some staff members can complete this process faster than others. But what we were trying to determine is what is the average length of time to complete a particular end-product.

Calculating costs

Once we had this average, we could establish a set of standards for a stronger, more measurable – and much more defensible – approach to support the funding of our budget.

We could now mathematically calculate the number of press releases planned for the year and multiply that number by the number of hours required for completing a press release. This would give us total hours for press releases.

For instance, at DTCC, there are roughly 229 workdays in the year (allowing for vacation and personal days). This means that one full-time employee (FTE) equals 1,720 work hours each year. By calculating the time (i.e., hours) to

↓ KEY POINTS:

- DTCC promotes the corporate communication function throughout the year, starting with the yearly budget and plan.
- Communication activities are reported in a structured and formal way, to demonstrate skills and promote services provided.
- Daily timesheets and cost analysis of end products helps the communication team calculate the value of its activities.
- Corporate communication staff are encouraged to use every interaction with managers as an opportunity to sell the function.

complete all end-products, we could then translate that into full-time headcount.

Budgeting is not an exact science and not every 15 minutes of time can be accounted for in a plan. However, developing a formula that's measurable has increased the level of detail we can provide to line businesses and it has increased the confidence of senior management that we understand the importance of leveraging resources.

This reflects the current business environment at DTCC, which requires staff functions to demonstrate their accountability and their ROI. Essentially, we must run corporate communication just like any other part of the business.

Focusing on business priorities

While the yearly plan reflects the commitment of DTCC to fund our function, the selling process goes on throughout the year. We hold regular meetings with senior and line managers to discuss their business goals and, more importantly, to brainstorm communication strategies that will help them achieve these goals. We also conduct quarterly meetings with line businesses to assess how we're doing.

By the time budget season comes around, we have a pretty good idea of what communication strategies to propose in support of corporate and business priorities. We work toward building a consensus on these strategies with business unit and product managers, and this information serves as the basis for service-level agreements, detailing our deliverables for the new year.

We refer to our budget document as our

Corporate Communications Action Plan. It details our mission, goals (which transcend each year), objectives for the new year, accomplishments for the current year, key corporate and line business messages, proposed communication activities with targeted deadlines and the funding requested to achieve these activities.

At DTCC, we also provide in our budget a breakdown of both direct (for supporting the line businesses) and indirect expenses (for supporting corporate initiatives). Like most companies, indirect expenses generally represent about half of our budget. While executive management reviews and approves indirect expenses, we include it in our budget so line businesses can be educated on how we're helping the company as a whole.

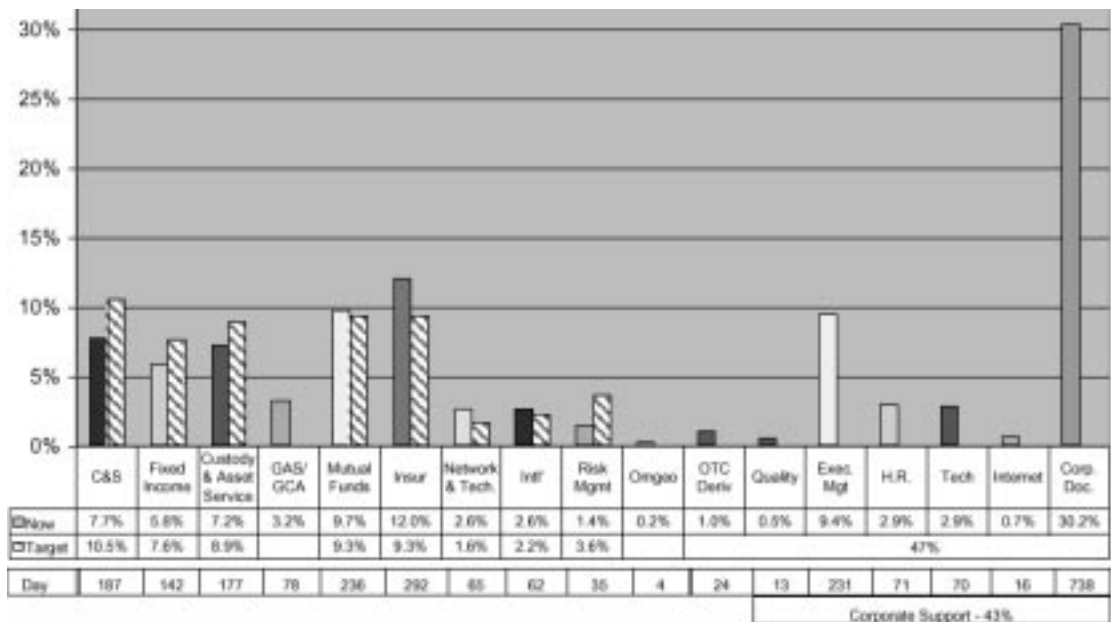
Establishing accountability

Our efforts to track time allocated to the businesses and our standards for completing end-products make it much easier to project hours and staffing levels in the budget. It also provides a rational basis for showing the impact of budget reductions, if line businesses are unwilling to accept expense allocations.

The yearly plan allows the corporate communication team to establish a baseline of accountability. Deliverables are detailed and target dates are committed. Some will argue that this approach, with this level of detail and transparency, is too risky.

But the real risk is a senior management team that perceives corporate communicators as creative, artsy types who really can't be held to

Figure One: Corporate communication time allocation by business



the same standards as other parts of the business – and are, therefore, marginal or less important to the success of that business.

Benchmarking the budget

Even with the level of detail provided in our budget, it's not unusual for senior executives to ask how this compares with other companies. For example, how do they know if our budget provides a reasonable breakdown between support provided to corporate and business lines?

We believe benchmarking studies are an essential part of the selling process. For example, in financial services, our research confirmed that the budgets for corporate communication generally run about 3 to 4 percent of the company's total expense base.

We also found that the allocation of budgets for support of corporate vs. business line activities runs about 50-50. This research won't win the budget battles by itself, but it does provide a valuable lobbying tool and it underscores to management the due diligence being given to best practices.

Using reports as roadmaps

Most corporate communication departments provide some form of reporting, though it's often seen as drudgery. At DTCC, we use reporting on our group's activities as a strategic marketing tool for our function.

Our monthly reports to senior management provide a prospective roadmap. Where is the corporate communication department going? What strategies are we introducing to support corporate goals in the coming months? What deadlines have we set for delivering on these promises? What stories are planned in the next internal and external newsletter and how will they further the company's business goals?

By providing a level of detail, including specific strategies, projects and target dates, we're communicating to senior executives that we can deliver – and that we're accountable for results. Thus, reporting is an effective methodology for helping manage their expectations and their perceptions of ROI.

We also distribute a mid-year and year-end report on our group's accomplishments against the corporation's goals. The key to this reporting, however, is that it must be quantitative as well as qualitative, and be directly linked to the detailed plan we submitted with our budget.

This approach addresses management's

question about ROI quite directly and is a powerful way to sell the value of communication.

Promoting department capabilities

Beyond planning, budgeting and reporting, selling the function must be a shared responsibility among the entire corporate communication team. Everyone in the department must see themselves as a spokesperson and salesperson for corporate communications. The individual efforts here are subtle and they have as much to do with process, as they have to do with delivering end-products.

When members of our group attend a meeting with senior managers, instead of offering one or two tactical ideas, we'd rather emphasize the need to develop a broad communication strategy to reinforce key messages through various distribution channels. A follow-up strategy memo will then outline key messages and 10-15 strategies, with target dates, to advance a business objective. This is a much more powerful way to demonstrate value than simply throwing out ideas at a meeting.

In fact, it's not unusual for us to conduct group brainstorming sessions to make certain these strategy memos are competitive with the breadth and scope of ideas you'd get from a top PR or branding firm. We look to leverage the whole of our team's experience in developing each individual business line's communication strategy.

During press interviews, we also encourage staff to use the interactions with senior managers to educate them on the "dos and don'ts" of media relations, in a low-key way. Sharing information empowers the executive to have more confidence in the next interview, and it increases respect for our expertise.

Reinforcing value

The adage, the best defense is a good offense, is true in sports – and it's equally true in corporate life. We need to continually reinforce in our daily activities the unique strengths and "value-added" corporate communication brings to the organization. Our effectiveness in achieving this goal will depend in part on our ability to convincingly detail, document and demonstrate ROI. But once we've created this strong foundation and won management confidence, our ability to broaden our scope, reach – and impact – is limitless. scm

Further reading:
Linking communication strategy with organizational goals, SCM
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