

# PURPOSE

## Helping Companies Tell Their Stories

An Interview with Richard Edelman,  
President and Chief Executive Officer, Edelman

**EDITORS' NOTE** Richard Edelman has extensive experience in marketing and reputation management, having led assignments with major corporations, NGOs and family businesses in over 25 industries around the world. He topped PRWeek's list of most powerful executives (2013), was recognized as the highest-rated CEO by Glassdoor (2014) and was inducted into the Arthur W. Page Society's Hall of Fame (2014). He is regarded as an industry thought leader and has posted weekly to his blog since 2004. He is consistently mentioned as one of the top 25 foremost experts on corporate trust. Edelman serves on the Board of Directors of the Ad Council, the Atlantic Council, the Chicago Council on Global Affairs, the Children's Aid Society, the Gettysburg Foundation, the 9/11 Museum, the National Committee on U.S. China Relations and the University of Chicago Medical Center.



Richard Edelman

**COMPANY BRIEF** Edelman ([edelman.com](http://edelman.com)) is a leading global communications marketing firm that partners with many of the world's largest and emerging businesses and organizations, helping them evolve, promote and protect their brands and reputations. Edelman was awarded the Grand Prix Cannes Lion for PR in 2014; six Cannes Lions in 2015; and the Grand Prix in the Titanium category in 2016. The firm was named "2016 Global Agency of the Year" by the Holmes Report, and one of Advertising Age's "Agencies to Watch" in 2018. In 2015, Edelman was among Glassdoor's "Best Places to Work" for the fourth time. Edelman owns specialty firms Edelman Intelligence (research) and United Entertainment Group (entertainment, sports, experiential), which is a joint venture with United Talent Agency.

### What have been the keys to Edelman's strength and leadership in the industry?

Much of it has to do with our corporate structure. We're still a family business, and that's rather unusual in services, and particularly in marketing services.

My dad and I worked together for 35 years and I've been running the agency for the past 20. We are the only two people who have ever run the firm. We are very much focused

on quality and service and being sure that it's a good place for people to work.

Our margin expectation is lower than the public companies. It allows us to invest in things like talent and the Trust Barometer, which has been important not just for our industry, but broadly for business.

### Will you discuss the impact of the Trust Barometer?

I had no idea it would have this kind of impact. It came out of the battle in Seattle in 1999 when the World Trade Organization was stormed by the NGOs. We wondered, who are these guys and why are they so important? It turns out they were the most trusted force in global institutions, which was a vote of no confidence in business and in government.

This year, the amazing fact is that, for the first time, business is ahead of NGOs. It's just begun and is only in half the countries, but it's a profound change, particularly since 2008/2009 when business was in the dumps. I think it's because CEOs have started to speak up on issues of the day. Relative to government, business is also seen as a much more effective agent of change. Beyond that, two-thirds of the people told us that they think business can make money while also improving society. That is a change in the right direction.

Also, the new safe house for global governance is the employer. Seventy-nine percent of people in the U.S. say they trust their employer, which is an amazing statistic.

Trust has gone from the trust in the establishment – CEOs and government leaders – to peer to peer, and now to the employer. It puts an incredible responsibility on the employer, not just to talk to the employees, but to act on their behalf.

Whether it's LGBT, immigration, or the #MeToo movement, employers need to speak up or they're not going to attract the right people.

### With employers, does action need to start at the top?

It needs to be from CEOs and others. Sixty-five percent told us they want CEOs to act and not wait around for government. That is a big pointer, but I also think we need to tell the next level employees that it can't just be one person – companies are too big and too global, and we have to empower the next level to speak up.

### What were some of the key findings from the Trust Barometer?

The first and most important thing is that there's a battle for truth. Half the people we surveyed have signed off of mainstream media – they don't connect that way. They are getting their information differently. Some people are getting it from President Trump and some are getting it from social, but that group needs to be informed enough to make good decisions and be rational, not just emotional.

We no longer have alignment on a common set of facts, be it trade, innovation or automation. We need to tell the truth to the workers about the fact that three million truck drivers are going to be employed differently 10 years from now. What are we going to do with these people? That is why business has to come forward with proposals and let government, in a way, react.

If we do what we have done before, the pace of change is so rapid that we're really going to blow up public trust in business, because four out of five jobs that are lost are due to automation. We have to pay attention to this or it's going to have a terrible, negative effect.

Another finding that was important in trust this year was a return of experts. A "person like yourself," who had been rising for the past eight years, saw a drop in trust this year because of fake news. It went down because we are no longer sure if a friend is giving us information and news with wrong facts.

I believe companies have a responsibility in this moment to, in a way, become their own media companies, because the number of journalists in the U.S. has declined by 60 percent in the past decade.

Companies have a responsibility not just to their employees, but also to their customers. The tone in the communication has to move from advocacy to education. We have to inform people, not just lobby them.

### How challenging is communication when, for many, the truth can be very scary?

Technology doesn't have to be a negative, but we have to talk honestly. If one's kid is a C student but a great athlete, they can avoid addressing the studies or make their kid read more. I believe in the latter. Avoiding the topic isn't going to get us anywhere.

### **How critical is adapting college curriculum in order to prepare students for the jobs of the future?**

In Chicago, Mayor Emmanuel has partnered with the private sector so that each of the community colleges are now specialized – one in health, one in tech, one in pharmaceuticals, etc. so the kids are training for specific businesses. Abbott and Baxter have taken over the pharma one, for instance. The food companies have taken on the food one. They have a little lab where they're teaching kids how to cook. This is the future. It's not going to be government handling the community colleges. They don't know what the jobs are going to be.

#### **Will mainstream media come back?**

I don't see mainstream media coming back, between the advertising model being diminished and the fact that half the people in the U.S. see media as elitist or politicized. Others feel it doesn't represent them or, worst of all, 29 percent of Americans say that the news disturbs them so they don't read it.

Can the media become more short form, more on mobile phones, more relevant to vertical audiences? Yes, but local newspapers, for example, are going to have to move to all-digital formats and it will be a different business.

#### **When it comes to truth, what needs to be done to monitor the information being provided?**

This is troublesome, particularly with this whole question of Russia and fake news and, for example, during terrorist incidents. When the Parkland shootings happened, the Russians were all over it saying that the guy was a left-wing person and hated America. All of this is fake, and yet people somehow equate that with whatever is in their Facebook feed as the same as something coming from the *Chicago Tribune*, and they are not the same.

This is partly an education issue. Some people believe PBS should expand its mandate and be like the BBC, which has 80 percent trust in the U.K.

#### **How has Edelman evolved to deal with the disruption taking place in the industry?**

For Edelman, we have tried to evolve the firm. We have hired 550 creatives, planners and paid media people because, if we want to be in Facebook, we need to do paid. If we want to have ideas that are going to create movements, we need to have big creatives.

■

## **Many companies are trying to find a way to do both – they want to make money, of course, but also do good.**

■

PR ideas used to be short. It was about pitching a story and then getting the next idea. Increasingly, we're trying to have ideas – for things like Heineken, we recently created a campaign in Britain called Open Your World just after Brexit. We had people who were pro-Brexit and anti-Brexit sit down over a beer and we videotaped them. They had totally different political views, but when they talked about their kids or soccer teams, they found common ground.

The point we made when we released these videos on YouTube is that it's important to talk whether or not people agree politically. This was a great idea from one of our creatives, and this is how it should work.

#### **How important is it for businesses today to have a philanthropic focus?**

It starts with the employees. We want to attract the best millennials and we're competing with companies like Google and Facebook as well as other start-ups. Unilever is the third most attractive job in the world because Paul Polman tipped his hat towards the sustainable positioning. He made a promise to double revenue and keep their consumption of resources flat. This was a big commitment, but he did it, so people love to work there because they feel they're on a mission.

Many companies are trying to find a way to do both – they want to make money, of course, but also do good. PepsiCo is doing work with local farmers in Mexico to teach them how to grow blue corn so they can buy it for the chips they sell in Mexico and not have to import the corn from the U.S. This allows the farmer to make much more money.

#### **How critical is it that these stories be told?**

Businesses need to tell their own stories. There are fewer journalists today and they tend to look for stories that are going to be critical. Employees can tell those stories locally. That is how information moves. It's horizontal now, peer to peer.

#### **How do you maintain a family feel and culture at the size and scale of Edelman?**

I have my brother and sister in the business as well as my two older children, but the mission of this family company is first and foremost to help companies tell their stories. It's not just about a quarterly earnings report – it's also about staying ahead and being aggressive.

Digital is 20 percent of our business and we now have an interesting paid media business. I didn't expect to have this business, but here we are because we can compete in social media buys.

We're also very good in crisis because we have very senior people who go in and help with significant issues.

#### **Do you find the time to reflect and appreciate what Edelman has become?**

For the first 10 years I was CEO, I was just running faster and faster and I felt like the tiger chasing his tail. Today, I'm deeply gratified by the idea that Edelman is just about a billion-dollar company. When I started with my dad, we were at \$6 million. I still take the subway to work and I'm very grounded.

My great joy is doing things like going to a Civil War battlefield with my daughter and reading American history books. I'm able to turn it off. At 8 PM, I'm done. I don't look at my device. I read or have dinner. If someone needs to call me, fine. I recently was married again and I have a wonderful wife for whom I'm so grateful.

#### **What advice do you give young people starting their careers?**

I tell them to take international assignments and get out of the domestic market. The second thing is to be sure that they are creating a personal network. I'm relentless about meeting new journalists and being in the circle. The last thing is to not be too short-term in their goals. It's not about being impulsive or impatient to achieve a certain position. It's about doing a really good job on the client work and they will get noticed. It also helps to avoid hopping from job to job. ●

■

## **The tone in the communication has to move from advocacy to education.**

■