

The Communications Journal

November 2012

Editorial

Dear Reader,

We proudly present you our new Communications Journal, the fifth edition produced as an electronic newsletter.

This edition is dedicated to the topic of "Analysis", highlighting the fifth of IRF Communications' five main activity fields. Analysis can uncover possibilities for improvement through various channels. An open and constant dialogue with all stakeholders is key to adapt an organization's communications policy to new requirements. Carrying out a benchmark analysis represents another promising method for finding best practices.

Analysis & Insight

There has also been a shift in the communication tools used to digital technologies and new media platforms. This trend is reflected in the newly introduced "IRF Communications Barometer". This survey will be conducted again in future years in order to anticipate and identify new communication patterns.

Have we kindled your interest? Your [feedback](#) is most welcome. If you prefer to have a hard copy, please click on the button below to [print](#) the complete Journal. Enjoy the reading.

Michael Düringer
[IRF Communications AG](#)



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Head of Communication Management & Delivery, Managing Director at UBS AG

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What goals is UBS pursuing with the compensation report?



In the interview with IRF Communications Marc Büdenbender talks about how UBS ensures that its compensation report improves year after year.

IRF: What goals is UBS pursuing with the compensation report? What are the main messages?

Marc Büdenbender: Through an intense dialogue, we receive feedback from various stakeholders on a yearly basis. By acting on this feedback, we try to get better every year and thereby satisfy the needs of our stakeholders. The shareholders are given transparent and understandable explanations for the compensation decisions that have been made by the board. Concerning the contents, our objective is to outline the way incentives are set in the compensation model in order to align the long-term actions of employees with the interests of shareholders.

Which themes do you analyse on a regular basis and how do the results influence the new reports?

There are various aspects that can lead to changes within the compensation report. On the one hand, changes made to the compensation model must be reflected. New regulatory requirements must also be taken into consideration. Furthermore, we receive feedback from our stakeholders – mainly from our shareholders. We also carry out our own analyses and look at our competitors to learn from them. All this input is examined and implemented where appropriate. In the end, it all comes down to our desire to get better year after year.

Who are the main stakeholders and how do you track their perception of the reports?

The shareholders clearly stand in the foreground because the compensation report is addressed to them. The regulators are another important stakeholder group. We meet their requirements with regard to transparency in questions of compensation. Other stakeholders such as employees, clients, politicians and the broader public may also have a strong interest in these themes. Our open discussions with these groups, mainly with regulators and our shareholders, give us valuable feedback. We also analyse on how our report is perceived by the

media. Ultimately, the litmus test is the shareholder advisory vote at the annual general meeting.

How strong is the influence of competitors' reports?

This is an aspect that we take into consideration and we surely want to learn what we can from our competitors. The ultimate goal is to improve our report year after year.

How can you make sure that the UBS compensation report remains independent?

I do not see this as a risk since it is our own compensation report detailing our compensation decisions for our shareholders. Therefore, I do not see how the report could not be independent.

Mr Büdenbender, many thanks for your responses.



Digital technologies gain importance

Next to the proven communication tools modern digital solutions become increasingly important. This says the survey which was firstly carried out this year by IRF Communications. The IRF Communications Barometer explored the use of communication instruments in Swiss companies. Besides questions about positioning, crisis communications and financial reporting, IRF Communications analysed media relations und the use of social media.

53 % assess media relations as essential for the positioning of the company

The professionals mainly agree on the positioning of their company and their CEO, they assess media relations as an important factor. But this alone is not a guarantee for success. A unique selling proposition is seen as helpful as well. A company that clearly distincts itself from its competitors via the produced good, the provided service or the market presence is clearly in advantage. An additional important factor for 43 % of the respondents is the maintenance of the own brand. On the other hand, sponsoring activities are considered subordinate. Also, the benefits of active collaboration within industry associations are questioned by the specialists. The quote of those weighing the participation in industry associations as very important is restricted to 3 % with regard to the company and 9 % with regard to the CEO.

47 % further develop online presentation

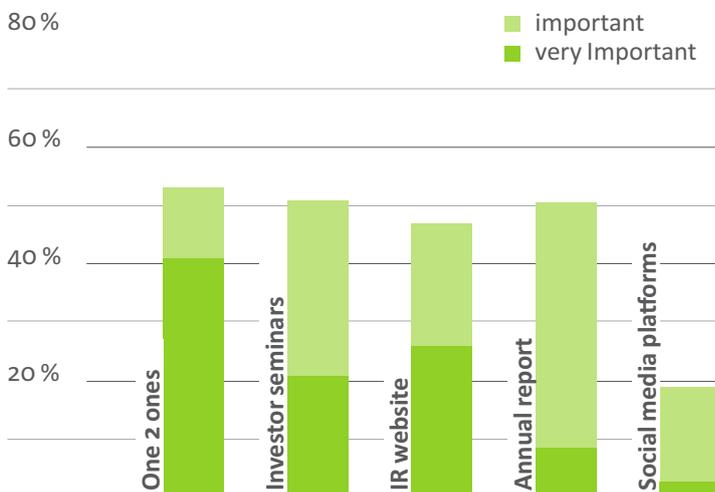
Within financial reporting, communication specialists enter into a dialogue with a large number of stakeholders

who differ in their information needs. Therefore, the online presentation becomes increasingly important. Being accessible everywhere and every time, it allows the reader for composing its own report through the modelling functions. The Communications Barometer reflects this trend as well. The IR Website is seen as an efficient platform by almost half of the communication specialists. However, in financial reporting social media platforms raise scepticism. They do not trigger noteworthy resonance, 45 % of the surveyed professionals assess them as rather unimportant. Of far more

importance are the individual relations to investors. The majority correspondingly judges personal meetings, investor seminars, media conferences and roadshows as important or even very important. Neither will proven instruments as the annual report, the shareholder letter and the press release lose their significance. Still, those annual reports containing hundreds of pages tend to lose their importance while only being read by a few specialists. Addressing these developments, various companies nowadays provide an annual review document, which summarizes the most important bullet points and serves as image brochure when combined with the brand story. The main challenge for the communication specialists is to evaluate and implement the most suitable combination between the proven communication tools and the new possibilities of the internet.



Instruments of financial reporting



68 % have a crisis concept ready

With regard to crisis communications mental preparations and the awareness of different scenarios are of paramount importance. In parallel, organizational preparations are important, though certain amendments often become necessary in particular cases. Communication concepts help to quickly respond to crisis situations what can make a decisive contribution to reduce potential damage. Eventually, every company individually has to find out where possible pitfalls lie and how they should be addressed. 68 % of the surveyed companies are aware of imminent threads and have predefined patterns in case of crisis. Although many companies have defined the personal responsibilities including deputy provisions (59 % respectively 47 %), it is remarkable that only a quarter of the surveyed professionals hold key messages ready for the most likely crisis scenarios. Although the personal responsibilities are clear, messages targeting the wider public are often formulated at the occurrence of a specific event.

82 % track media coverage

The daily work of 56 % of the communication specialists is based on a yearly media plan. Tracking the media coverage therein builds an integral component of the daily routine, as 82 % of the surveyed professionals confirm. Half of them even go a step further and regularly carry out deeper analyses. It may be surprising to discover that the question about specific programs to foster the relation to journalists is negated by almost all of the specialists. Furthermore, only 20 % seem to have established a database containing the most important media contacts.

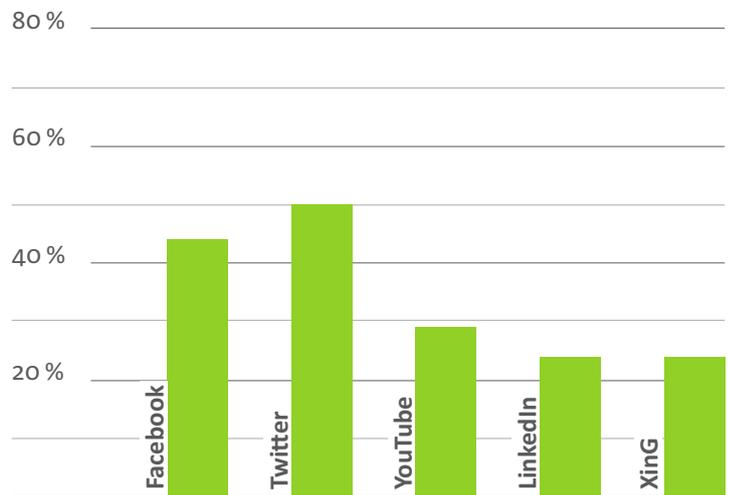
Only 15 % carry out public affairs studies

Whether carried out internally or externally studies serve the goal to bring unused potential to light. Detailed analyses serve to derive directives of how to use the unexploited resources. Media analyses, with 38 %, achieve the highest quota of recently conducted surveys. Perception studies on the other hand rank second with 35 %. Counting only 15 %, public affairs studies still are made use of in a very limited way reflecting that only few have started to work in this discipline systematically.

44 % respectively 50 % make use of Facebook and Twitter

Nowadays, social media platforms are indispensable for companies. The communications barometer tested whether this assumption reflects the reality. The figures are remarkable. Already 44 % respectively 50 % of the professionals state to communicate via Facebook or Twitter. YouTube is applied by 29 %. These communication channels mainly find application in product placement and marketing efforts. Only 9 % use them in public affairs. Platforms as LinkedIn and Xing, which address professionals, are used by a quarter of the companies corresponding with the figures seen in Human Resources.

Use of social media



Identifying best practices and improvement potential

For several years, Nobel Biocare, a leading global manufacturer of implant-based dental restorations, worked with IRF Communications to conduct an annual benchmark analysis of its Annual Report with the aim of identifying trends, best practice and concrete opportunities to improve its financial reporting. The efforts of these analyses paid off: Nobel Biocare's Annual Reports progressed to being ranked 1st in 2011 in the category online value reporting in the Bilanz Swiss Annual Report Rating. In 2012 the company was awarded 6th overall place for online reporting.

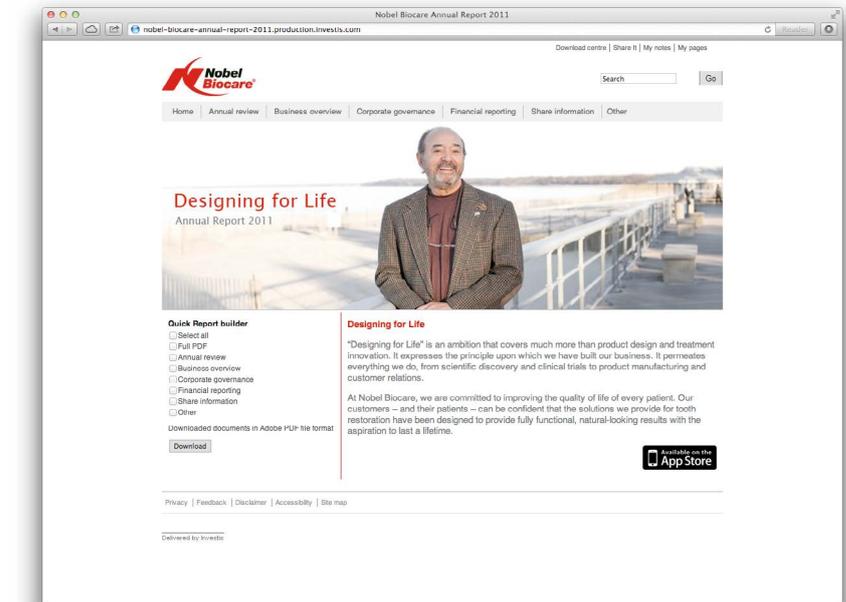
The benchmark analyses identified a clear trend towards online reporting in general and concrete opportunities for Nobel Biocare, including various elements to improve value reporting. "The focus shift from print towards online reporting brought various challenges. But the online format allowed us to add value to our reporting with content and functionality while ensuring that all our stakeholders can easily access the information they want," comments Rebecca Brook, Director of Corporate Communications at Nobel Biocare.

The framework

Nobel Biocare conducted its analysis by defining a set of themes to evaluate and criteria by which to measure its own reports and also best practice print reports from dental peers and other companies. The analysis also included state-of-the-art online reports, such as Danske Bank, Migros and No-zymes. In 2011, the themes examined were brand stories, layouts, strategy presentations, KPIs and creative concepts.

Improving the print report: People-focus and reader-friendliness

One learning from the analyses was that Nobel Biocare's Annual Report was focused strongly on science, facts and figures – and not on storytelling and emotions. As a result, Nobel Biocare decided that it wanted to emphasize not only the company's clinical expertise – but also the significant, positive impact that its products and solutions have on patients' quality of



life. The company no longer wanted to tell only its own story, but also allow readers a glimpse into the personal stories of some patients who had suffered from missing teeth and were able to regain vital aspects of their daily lives thanks to treatment with implants.

The project team furthermore critically analyzed the layout concept with regards to readability, with respect to varying requirements of the target audiences. This process yielded a new visual language for the Annual Report, incorporating various font sizes, compact summary tables, and graphical elements. All of these helped to more effectively highlight the company's key messages and provide a significantly better experience for readers.

Catering for different needs: From Annual Report to Annual Review

Assessing readers' experiences critically from each target audience's point of view showed that a full scale Annual Report best accommodates the needs of audiences looking for immense detail. Some stakeholder groups have different needs and just want an easily consumable general overview. Consequently, a condensed standalone version was introduced, which covered only the most important reporting topics and guided readers through the

company portrait and its brand story. The new Nobel Biocare Annual Review was first published in 2012.

Following the trend: From print to online

In the future, Nobel Biocare will concentrate its efforts on providing an even better online Annual Report experience – not only due to the cost saving potential, but also because Nobel Biocare is convinced that online reports adapt best to the individual needs of different target audiences. This holds true both from the standpoint of demographic aspects and related usage patterns, as well as with regard to customizability. Moreover, there is also a positive environmental impact through the reduction of paper use. Nobel Biocare's next generation online Annual Report will be published in early 2013.

Lobbying in Switzerland – a necessary but pretty unpopular profession

Decision-making in Swiss legislative processes and parliamentary work is often the product of lengthy debate in the various federal commissions and councils. In the quest for resolutions capable of winning a majority, external lobbyists often play a key role in passing on information, peddling influence and coming up with clever tactical moves. Public affairs – a necessary but not always admired service.



“If my grandmother calls, don’t tell her I’m a lobbyist. She still thinks I play piano in a warehouse.” The self-deprecatory admission to being a lobbyist reflects general attitudes about a highly discreet but insecure profession. Lobbyists continue to have a dubious reputation. Especially in Switzerland, the profession of political communicator or lobbyist draws little respect or glory. Whereas a professionalization of lobbying work is evident elsewhere in the world, the backroom whisperers in Bern are still awaiting legitimation and a license to operate in the federal parliament building. But even in this country, a professional guild has been established that retains little in common with the classical lobbying of the past decades. Classical lobbyists are increasingly giving way to specialists who, far from prowling through the dimly lit corridors of Parliament House, now act as highly official representatives of their organization. These people don’t just have the connections, they are seasoned experts in their particular fields. What’s more, they are capable of conducting focused public relations campaigns with the various stakeholder groups, which in turn implies an intimate understanding and knowledge of the Swiss media and the tools they use to operate.

Overworked members of parliament
All of them benefit from the fact that being a member of parliament is increasingly becoming a full-time job that makes huge demands on the people concerned. Politicians nowadays have to deal with ever more complex political affairs with ever shorter deadlines. Some parliamentarians simply can’t cope at times – and are glad to be able to fall back on the knowledge of external experts. The days when it was just business organizations such as the powerful *Economiesuisse* or the farmers’ association are long gone. Environmental advocates and trade unionists have an increasingly powerful lobby. Even cantons and companies are appointing their own lobbyists to represent their interests directly.

Transparency is crucial to professionalization
Professionalization is the name of the game, and it is the declared objective of the Swiss Public Affairs Organization (SPAG). “Public affairs has made enormous qualitative and quantitative progress during the last fifteen years,” say Fredy Müller, SPAG president. Effective lobbying requires a clearly structured concept and approach to the task involved. It goes far beyond chatting in the lobby of parliament buildings. We have come a long way since the days when “lobbying” was a vastly pejorative term. The financial and business crisis in particular brought home to people just how heavily political decisions can influence the economy and how important it is to maintain a constructive dialog between the business and political communities.

The seedy aura tainting the work of lobbyists also has to do with the “Göti” system that held sway for so long. Under this system, each member of parliament was free to issue two ID cards that bestowed unlimited access on the holders – effectively a season ticket to parliamentary buildings, and suitably coveted among lobbyists for that reason.

The list of all the privileged people with these special access badges used to be quite a secret. In a recent move, however, it can now be downloaded from the Internet – for both the National Council and the Council of States.

For lobbyists, this latest development is both a blessing and a curse. On the one hand, the move makes these go-anywhere badges harder to get. Members of parliament have become more cautious about who they give issue to, because it’s easier to check. On the other hand, the new system creates more transparency, which is one of the aims of the professional association, SPAG. It challenges lobbyists in their innermost working lives. And those can be the hardest jobs of all.



Stefan Mathys

Senior Advisor IRF Communications AG
Member of the Swiss Public Affairs Association (SPAG) and three-year member of its Managing Board.

Instruments of public affairs

Public affairs services comprise the analysis and integrated support of political decision-making processes, flanked by the conventional tools of corporate communications and media relations.

- Analyzing the economic policy agenda of federal and cantonal governments and councils
- Identifying and profiling the key policymakers and persons of influence
- Defining and wording key messages and arguments
- Producing fact files
- Dialog with key persons at events and in one-to-one meetings
- Ongoing opinion analysis (opinion polls)
- Positioning statements, articles and opinions in the media
- Integral utilization of public and social media
- Analyzing and utilizing like-minded interest groups
- Analyzing and destabilizing political opponents