

Is better marketing and communications governance needed?

By Pete Jeans, Chief Operating Officer, SMO Sydney

- Are current marketing and communications practices adequate to protect against risk?
- The level of rigour applied to standard operations policies and procedures should also be applied to marketing and communications activities.
- How organisations can integrate marketing and communications governance into their businesses and organisations at reasonable cost.

Is governance practice around marketing and communications in Australia founded on anything more than internal policies, voluntary alignment with relevant industry codes of behaviour, and training around statutory risk areas, including consumer law?

The key issues

The key issue is the risk around marketing and communications practice in this connected world. The impacts and consequences are faster, wider and larger if things go awry. From the initial SMO Sydney pilot qualitative research I have done in marketing and communications governance in 2015, governance platforms appear to be best-practice processes, internal rules and systems, legal compliance, maintenance of voluntary codes of conduct, organisational marketing policies and other traditional methods.

But are there adequate checks and balances as well as authorisation protocols in-house to keep external market activity risks to a minimum? In other words — good governance?

What is the governance context?

As outlined by Governance Institute, governance is the method by which an organisation is run or governed, over and above its basic legal obligations. Governance has four key components:

- **Transparency:** being clear and unambiguous about the organisation's structure, operations and performance, both externally and internally, and maintaining a genuine dialogue with, and providing insight to, legitimate stakeholders and the market generally.
- **Accountability:** ensuring that there is clarity of decision-making within the organisation, with processes in place to ensure that the right people have the right authority for the organisation to make effective and efficient decisions, with appropriate consequences for failures to follow those processes.
- **Stewardship:** developing and maintaining an enterprise-wide recognition that the organisation is managed for the benefit of its shareholders/members, taking reasonable account of the interests of other legitimate stakeholders.
- **Integrity:** developing and maintaining a culture committed to ethical behaviour and compliance with the law.¹

If the driver of governance across any function is around leadership and best practice, then governance of marketing and communications practice should be no different.

My challenge to organisations of any size in any sector, private or public, but particularly medium-sized organisations who are ambitious, is to satisfy themselves whether their marketing and communications functions — internal and external, have the processes, knowledge, capability

and authority protocols to minimise and preferably eradicate marketing and communications practice risk.

What are the risks?

Many of us may have faced situations when marketing and communications risks suddenly became evident. I have seen leading-edge professional marketing and communications best practice and I have seen sub-optimal efforts.

Real examples of discovered risks that come to mind include last-minute discovery of proposed new product lines that do not meet Australian standards, legacies of major contracts that were based on unauthorised bid pricing, and poor dealing with customers who are also competitors.

How to mitigate the risks

I tell my clients and students that there are some marketing and communications leadership golden rules. Pass every proposed final draft piece of marketing and communications collateral through the lawyers; regardless if you have been trained and assessed in consumer law compliance.

Standard operations policies and procedures, manuals, training and scenario workshops go a long way in instilling rigour into the way business is conducted and staff engagement with customers, stakeholders and the wider public. There should be no difference in applying rigour in the marketing and communications space.

Even with these resources, it still comes down to having a firm hand on the tiller at all times, and appropriate authority levels and clarity of process when unexpected situations emerge. The key, of course, is to have these processes in place proactively so that risks are recognised and mitigated in advance.

More common practice nowadays is to undertake a risk assessment as part of marketing and communications planning. While this sounds onerous for every major activity, it actually isn't. It is prudent and engages the stakeholders so that activation is professional and seamless.

It is better to have considered upfront the implications of price rises or adjustment advice, promotional messaging, social media engagement, product development, distributor network realignment and customer communications; than to manage a serious legal challenge later.

The sector that is probably more exposed to risks is the medium-sized enterprise because organisational structures are often not as well developed as they are within large organisations.

What can organisations do right now?

So, what can organisations do to practically and effectively integrate marketing and communications governance into their businesses and organisations at reasonable cost?

There are a number of basic low-cost initiatives.

- Join a national professional industry association in the marketing and communications space.

Governance and marketing communications: Views from leading academics

Professor Mark Uncles, Deputy Dean Education, UNSW Business School, UNSW

'On the subject of governance around marketing communications, there are several levels at which this can be addressed. I think three are particularly important:

1. Self-regulation is important in two senses: as an integral part of a firm's own business processes (in terms of risk assessments, risk registers, internal audit and so forth) and collaboratively through professional/industry bodies (such as AANA, IAB and AMI).
2. Beyond self-regulation is the world of formal, external regulation that reflects legislative systems, legal requirements and policies, and the scrutiny that comes from bodies such as ACCC. Traditionally this has been where the focus has been.
3. In the hyper-connected, open and transparent digital era, perhaps the most powerful form of governance comes from what might be described as 'public shaming' — the power of C2C comment, liking and disliking, and scandals and faux pas that quickly go viral. Today this is a powerful form of checking and, therefore, governance.

Arguably, not enough training of marketing communications staff is undertaken to avoid the pitfalls around governance. But some training occurs. I would draw attention to:

- university courses in which students are specifically made aware of the regulatory and legal environment (at UNSW Business School we do this through courses in Business Law & Taxation, and we'd expect students to be exposed to such consideration in their marketing communications courses)
- internal training programs in the corporate sector
- the training programs of professional/industry bodies.

At a more general level, institutions instruct their students in business ethics — we have a community of practice to assist lecturers working in this area and have signed up to the UN Principles of Responsible Management Education (PRME) to tap into international best practice.'

- Use industry resources, seminars and forums to get up-to-speed on changes in consumer law as it affects marketing and communications issues.
- Read the Commonwealth government's plain English guides online for the *Spam Act 2003*, *Do Not Call Register Act 2006*, copyright and consumer law (formerly the Trades Practices Act).
- If marketing and communications people and processes need mentoring, there are many marketing and communications practitioners available.
- Make sure the marketing leadership is marketing qualified.
- Plan marketing and communications programs market segment by market segment. That is because the customer and stakeholder groups will be different. The access (channels) to those market segments will be different. The competitors will be different. The protagonists will be different. The issues will be different. And, the risks will be different.
- If the organisation is servicing half a dozen different market segments, the quantum of risks will be larger and consequently will justify a disciplined approach to risk mitigation.
- Put a robust governance framework in place.

Conclusion

In my view, there is an opportunity for organisations to re-align their governance to include marketing and communications practice — before the regulators start calling. ■

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Note

- 1 www.governanceinstitute.com.au/knowledge-resources/governance-foundations/more-thoughts-on-governance/

Bob Miller, Adjunct Professor, Faculty of Business & Economics, Macquarie University

'Even the world's largest corporations often fail to observe the simple rules of honest dealing. For example, Volkswagen has recently been engulfed by a scandal of its own making.

Australia's own consumer protection laws are severe and wide-ranging. But in the hurly-burly of day-to-day trading and competition, it can be easy to overlook the risks to which a business of any size can be exposed.

This is especially true when senior management cannot be bothered with what they might regard as 'trivial marketing matters' and passes responsibility for sign-off on marketing matters to more junior executives who do not have 'skin in the game'...or so they think!

Australia's Competition and Consumer Commission publishes extremely useful guides for businesses interacting with consumers and competitors. They provide clear guidance for anyone running a small, medium or large business on how to avoid destructive fines and other penalties.

You don't need a university degree to stay out of jail or retain ownership of your house. Just a little common sense and a weekend's reading of the ACCC guides will suffice.'

Professor Steven D'Alessandro, School of Management and Marketing, Charles Sturt University

'As the recent controversy over the sacking of journalist, Scott McIntyre, over social media comments about ANZAC has shown, this is vexed issue for both employees and management.

Developments in social media and the widespread use of it and have happened so quickly, that currently few if any universities in Australia provide governance training to their students on this issue.

This is mainly because many universities themselves are still grappling with how to consider the impact of disruptive digital technology in their teaching and promotional activities.

There is a need for robust frameworks of governance for employees, if they are using organisational affiliations to comment online via social media.

As a private citizen, though the matter is more complex, but if an employee works for a high profile media company, for example, SBS or Fairfax SMH, then the attribution can be implied.

The risks that need to be managed are not only reputational, but include the PR strategy, the integrated marketing communication program and the overall corporate strategy.

The one exception to me is the public interest test, for example, cases of corruption, harassment, misuse of funds, and so on. Although it would be best if good corporate practices and disclosure occur that make this unlikely to need to use social media for this end.

I think there is also a generational issue here, where Gen Y and Z don't realise that social media comments are forever, and maybe read or misread by a large number of people. My advice is always to students that when online, be circumspect and keep your social and work lives separate in the Twittersphere.'