

FTI CONSULTING – PUBLISHED JULY 2020

THE CEO BRAND AND ITS IMPACT ON BUSINESS





Executive summary

This study, *The CEO Brand and its Impact on Business*, analyses the relationship between a CEO's communication style and his/her ability to impact company share price, both before and during the COVID-19 pandemic. Analysing the CEOs of the 100 top-performing companies in the US and Europe, the study sheds new light on the impact, and importance, of CEO communication. While there are certainly many factors that contribute to the growth and value of a company, the report finds that the vast majority of the fastest growing companies – 81 percent – were helmed by CEOs who prioritize communication as part of their responsibilities. It also finds that those CEOs who had already recognised the importance of communication fared much better during the pandemic than their industry peers and protected US\$260 billion in shareholder value.

In the first phase of the research, completed in March 2020, FTI Consulting evaluated the communication style of the 100 companies with the highest growth rate in their share price between 1 January 2015 and 31 December 2019 across 3 indexes (S&P 500, FTSE 250 and Euro Stoxx) and searched for specific characteristics of the CEO's communications from February 2015 to February 2020 based on an original methodology. We then conducted follow-up research, looking into how the share prices of our 100 fastest growing companies were affected by COVID-19 and compared it with their industry peers. The goal was to see if CEOs with a certain communication style were more likely to recover faster from the share price slump.

Topline findings

1. **Fast growth companies are virtually synonymous with CEOs who prioritize communication – over 80% had a brand:** Of the 100 top-performing companies that we evaluated, we found that the vast majority, or 81 percent, are currently led by CEOs who consistently communicate and have a distinct brand.
2. **CEOs with a distinct brand better withstood the negative impact of the COVID-19 crisis, protecting US\$260 billion in shareholder value:** CEOs who had a brand and communicated regularly performed better than their industry peers during the COVID-19 pandemic by an average of two percent – this stronger investor confidence translates into US\$260 billion in additional shareholder value. The CEOs with no brand and the ones who only communicated about their business and bottom line had stock price performances that were closer to their industry averages. Furthermore, out of the pool of CEOs that had a brand, those CEOs who embraced the growing importance of ESG and ‘stakeholder capitalism’ outperformed their industry peers by an average of 3.75 percent.
3. **Even before COVID-19, many of the best-performing CEOs increased their emphasis on communication over the last 5 years:** Fast-growing companies have increasingly embraced communication as a tool to support their businesses’ growth over the years. This was true even before the COVID-19 pandemic, with companies either choosing more vocal leaders or leaders becoming more vocal over time.
4. **Stakeholder capitalism trend already strongly embedded among fastest growing companies:** While conversations around ESG and stakeholder capitalism have steadily gained pace among the business community, many of the fastest growing companies led by example. Of the CEOs valuing communications, nearly 40 percent can be considered as ‘stakeholder CEOs’ or CEOs who have publicly taken a stance about issues that were not directly related to their business, such as social, political or environmental issues.
5. **Communication a priority for leaders across all sectors:** Vocal CEOs were a feature of fast-growing companies in all sectors except for basic materials – this is true even of industries that are highly regulated and traditionally discrete. While leaders in the healthcare sector are traditionally perceived to eschew the vocal communications styles of more consumer-facing companies, the growth leaders in healthcare bucked this trend. Of the 22 CEOs of the fastest-growing healthcare companies we evaluated, 19 were vocal and had a brand.
6. **Vocal CEOs a phenomenon across geographies:** Most studies looking into CEO communications tend to focus on US companies, with some coining the term ‘[CEO Activists](#)’ for CEOs playing an active role in the US political process*. Our research shows that while American CEOs more frequently take a stance on controversial issues, European leaders are no less vocal. In fact, the Euro Stoxx index had the largest share of active vocal CEOs.
7. **Communication a priority for all female CEOs:** All women who held the highest position in their company considered communication an important part of their leadership. While significantly underrepresented – of the 128 CEOs evaluated here, only 6 of them were women (4.7%) – all women CEOs in our study had a distinct brand and communication style.



* Chatterji, Aaron K. and Toffel, Michael W., “[The New CEO Activists](#),” Harvard Business Review, January–February 2018 Issue

Introduction

Showing the tangible business value of communication remains one of the biggest and most frequently shared challenges of communication and business leaders. This study aims to bridge that ‘communication gap’ and establish whether there’s a connection between communication strategy and business value. This is especially important now considering that

- With the COVID-19 crisis underway, CEOs are under a lot of pressure to take a broader leadership role demonstrating how their company is helping in the health and economic recovery.
- Consumers are demanding that corporate leaders be more vocal on issues other than their business.
- Investors are no longer content with only a healthy bottom line, but increasingly demand companies commit to and communicate about ESG standards as sine qua non conditions for investing
- With the proliferation of digital channels, internal and external stakeholders expect the C-suite not to hide behind press releases and communicate in a personal and transparent way.

To this end, we identified 100 of the fastest growing companies in the last five years. We analysed whether their CEOs were vocal and the broad issues they tackled to assess how important communication was for CEOs of the most successful companies in terms of share price growth in the last five years. We also analysed how these CEOs and their companies fared in the COVID-19 crisis in terms of shareholder confidence. More details on this study’s methodology can be found in the appendix.

What struck us the most is how prescient this research became because of the COVID-19 pandemic. While there are obviously many ingredients that lead to growth and value for a business, this research shows that companies with strong leadership perform well, particularly in a crisis. Since communication is a visible manifestation of leadership, it is no surprise that strong, consistent and effective communication about the long-term drivers for a business help to power growth and help protect a company from a downturn.

The following pages will expand in more detail on this correlation between leadership communication style and corporate success.

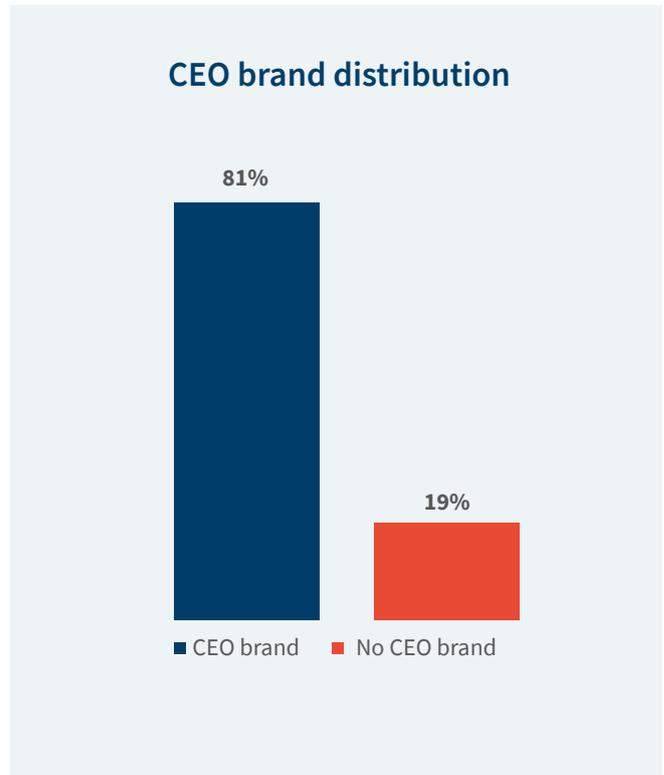


Findings

1. Fast growth companies are virtually synonymous with CEOs who prioritize communications – over 80% had a brand

Of the 100 top-performing companies that we evaluated, we found that the vast majority – or 81 percent – are currently led by CEOs who consistently communicate and have a distinct brand. The near-universal nature of this finding is surprising in that it extends beyond the phenomenon of ‘rockstar CEOs’ who tend to dominate business media. Instead, it seems that the pressures of fast growth and demands from different stakeholders, necessitate leaders in these companies to step up and communicate more frequently and consistently.

Within this pool of 100 companies we further delved into the 15 fastest-growing companies, a group that contains both big consumer brands such as Netflix and Amazon and a range of B2B companies. Twelve out of these fifteen companies have a vocal CEO at the helm, affirming the emphasis that CEOs both in B2B and B2C companies take in communications.



Snapshot: Vocal CEOs are industry leaders

Most of the top 15 companies in terms of share price growth rate* had a vocal CEO at the helm.

*between Jan 2015 and Dec 2019

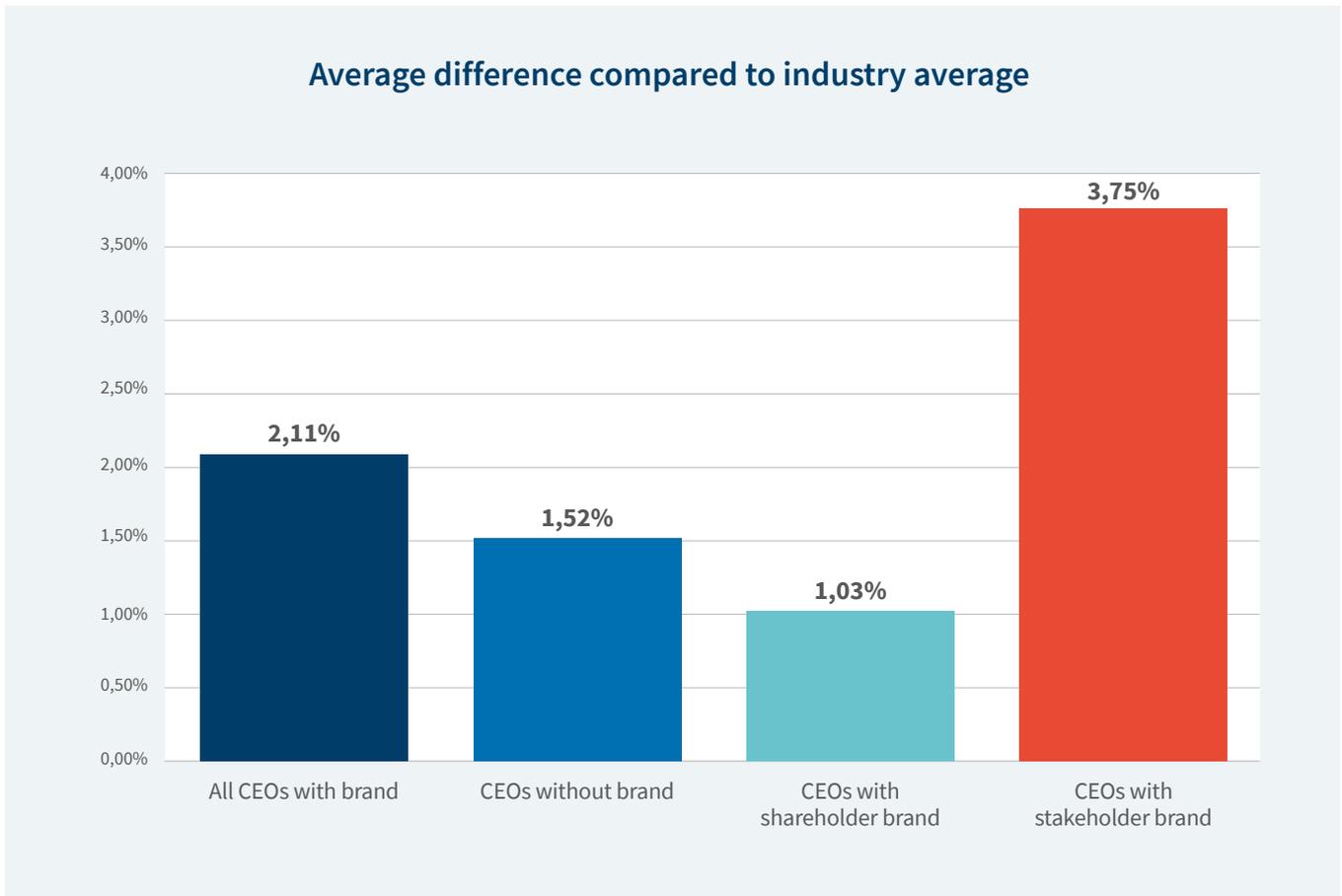


2. CEOs with a distinct brand better withstood the negative impact of the COVID-19 crisis, protecting US\$260 billion in shareholder value

CEOs who had a brand and communicated regularly performed better than their industry peers during the COVID-19 pandemic. Their ability to instill stronger investor confidence translates into US\$260 billion in additional shareholder value. This is an indication that communicating effectively and transparently is crucial for mitigating the financial impact of a crisis, enhancing confidence in the business, and strengthening the company’s resilience to rebound.

Further, out of the pool of CEOs that had a brand, those CEOs who embraced the growing importance of ESG and ‘stakeholder capitalism’ performed better still during the COVID-19 crisis. In fact, these ‘stakeholder CEOs’ outperformed their industry peers by an average of 3.75 percent, as the below chart illustrates.

This shows that those CEOs who are communicating and showing leadership and empathy in areas not directly related to their bottom line are better at building trust with shareholders and stakeholders. This makes them far more resilient when a crisis hits.



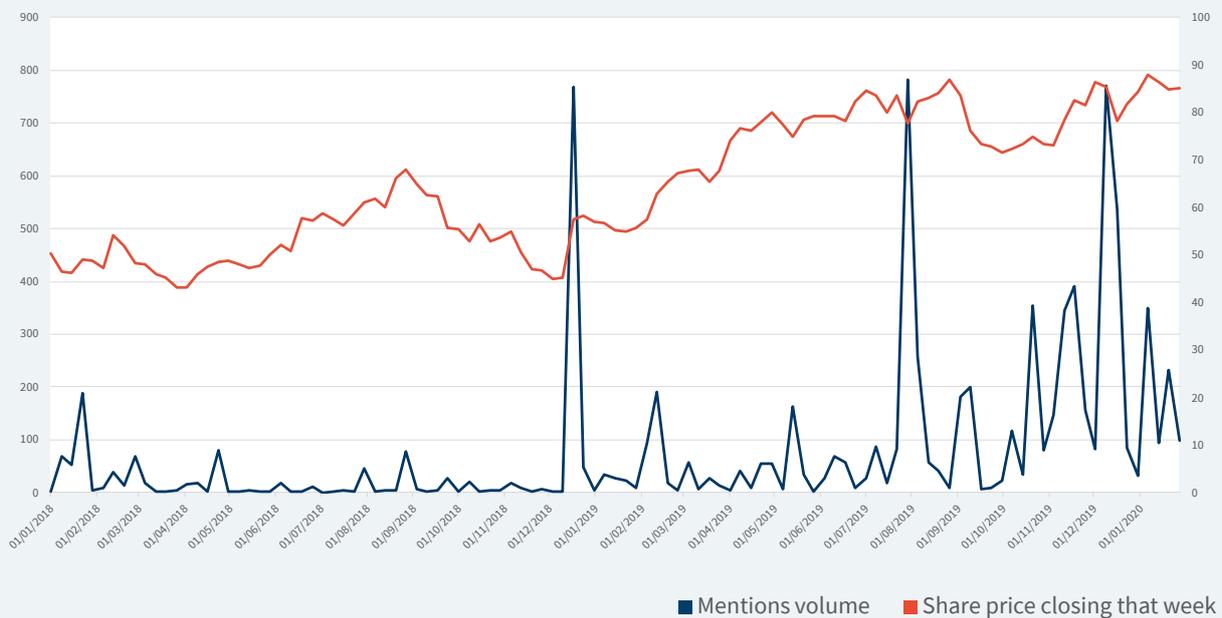
3. Even before COVID-19, many of the best-performing CEOs increased their emphasis on communication over the last 5 years

The data indicates fast-growing companies have increasingly embraced communication as a tool to support their businesses’ growth over the years. This was true even before the COVID-19 pandemic, with companies either choosing more vocal leaders or leaders becoming more vocal over time.

For instance, Takeaway.com, one of the world’s largest online food delivery marketplaces, was originally conservative in its communication and its CEO Jitse Groen kept a low profile. However, starting in 2019, when the company began focusing on inorganic growth through mergers and acquisitions, rather than just organic growth, the CEO significantly raised his communications

profile. There might have been a need to showcase the company’s ability to sustain momentum and come out ahead in the market. Groen’s bolder communications style is especially apparent in November 2019 when it was competing to acquire the UK operations of Just Eat (an online food delivery marketplace). Ahead of the decision, Groen was engaging consistently with the media pointing out, “Our team has a proven ability to win in competitive markets and has defeated numerous competitors in many countries, whether large scale tech giants or well-funded, own-delivery challengers.”* Takeaway.com’s share price soared in this period, growing by 44 percent from January 2019 to January 2020.

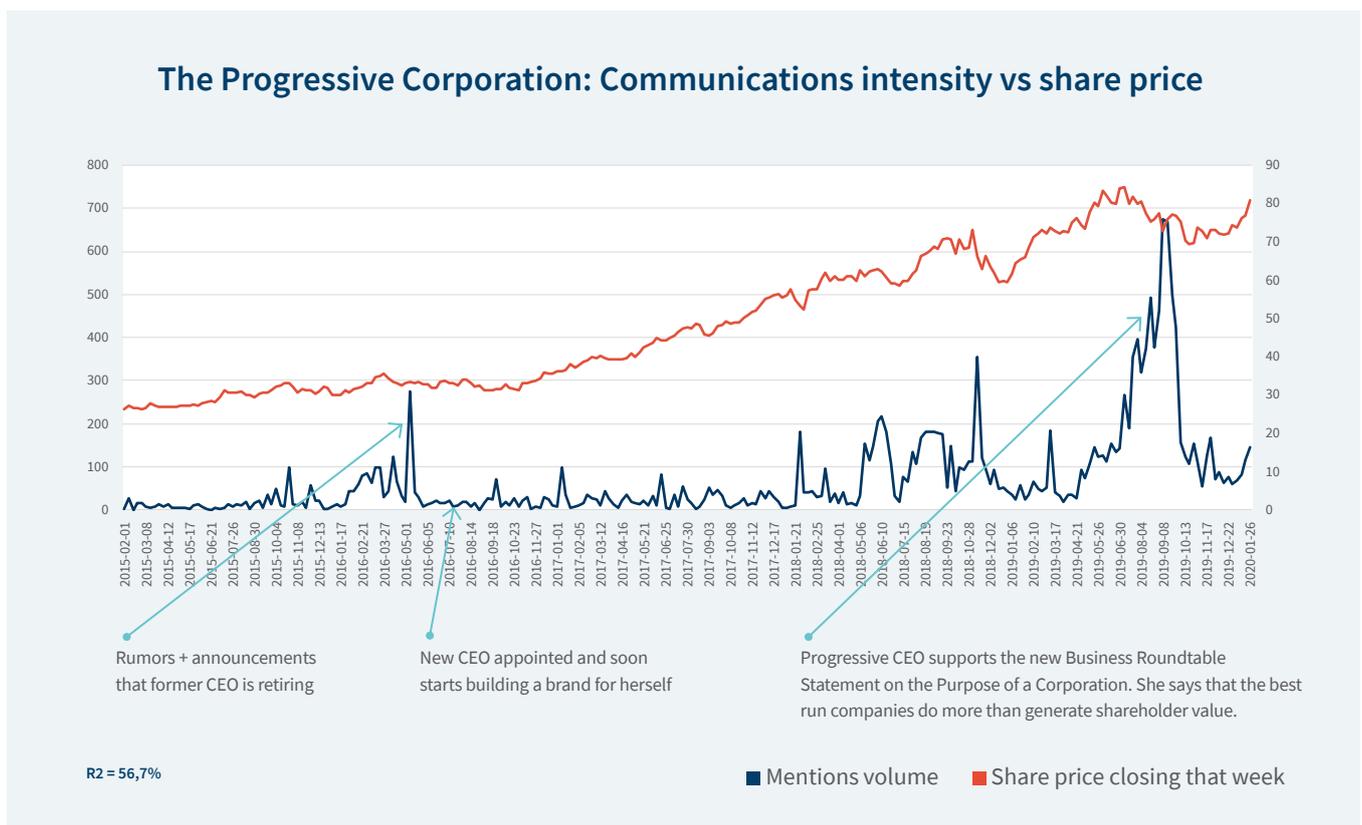
Takeaway.com: Communications intensity vs share price



* Sandle, Paul, “Just Eat urges shareholders to shun Prosus and stick with Takeaway deal,” Reuters, 25 November 2019

Our research also showed several examples in which a non-vocal CEO was replaced by a vocal CEO, which led to increased company share prices. For instance, the insurance provider, Progressive Corp, was led by a relatively quiet CEO until 2016 when Tricia Griffith took over. Griffith, who has prioritized communication in her role, has been massively successful, seeing revenues and stock prices significantly increase year over year, landing her a spot on Fortune’s list of Most Powerful Women from 2016-2019* and the 2018 prize of Businessperson of the Year**. As the below chart shows, once Griffith came onboard, the company’s share price skyrocketed. Not coincidentally, when the company share price started reaching its highest levels, in August 2019, Griffith joined 200 CEOs of some of the largest companies in a statement proclaiming that shareholder value is no longer their top priority. She was widely quoted in the press saying,

“CEOs work to generate profits and return value to shareholders, but the best-run companies do more. They put the customer first and invest in their employees and communities. In the end, it’s the most promising way to build long-term value.”***



* Fortune Most Powerful Women 2019

** Fortune Businessperson of the Year 2018

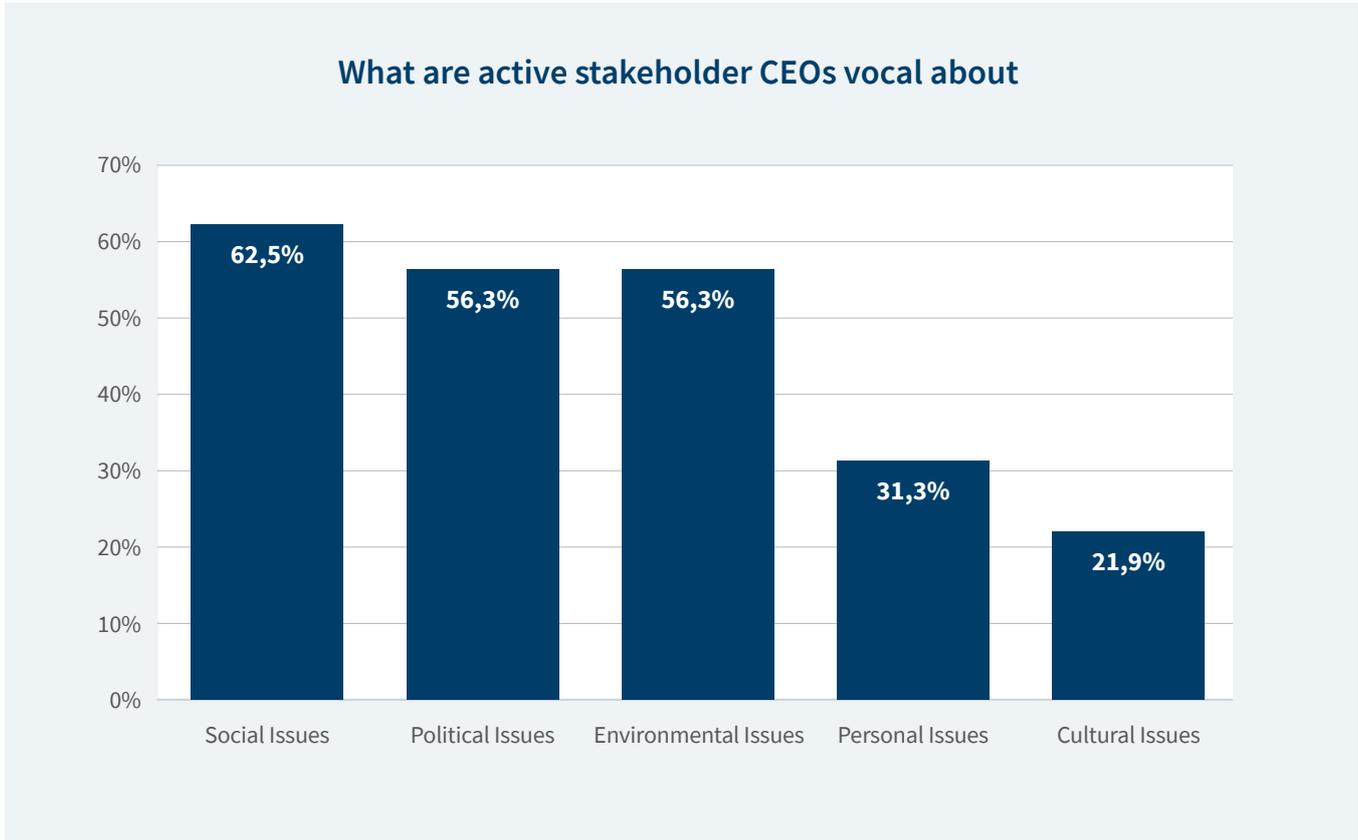
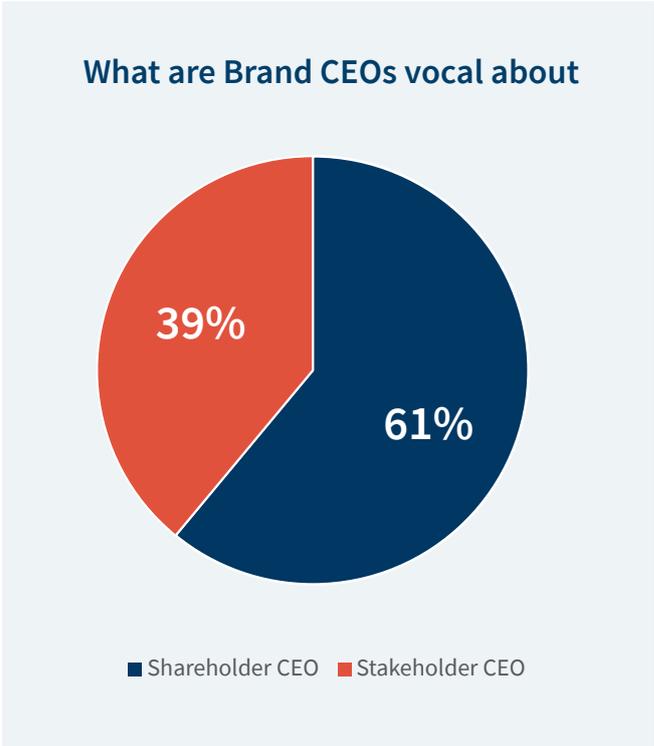
*** “Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans,’” Business Roundtable, 19 August 2019

4. Stakeholder capitalism trend already strongly embedded among fastest growing companies

ESG and stakeholder capitalism are the ‘topic du jour’ for the broader business community. The topics have taken a growing importance, both in context of business for a like the latest World Economic Forum and conversations around the role of corporates in the post-COVID economic recovery.

Interestingly, CEOs of many of the fastest growing companies led by example. Of the vocal CEOs we analysed, nearly 40 percent can be considered ‘stakeholder CEOs’, or CEOs who have publicly taken a stance about issues that were not directly related to their business, such as social, political or environmental issues.

Stakeholder CEOs spoke up about a range of issues, both controversial and less so. Some stakeholder CEOs chose to share their views on topics such as President Trump or Brexit. Others spoke about less charged issues such as investments in their local region, gender equality, the environment and work-life balance. Below is a more detailed breakdown of the issues addressed by CEOs who were at the helm at the end of 2019:



5. Communication a priority for leaders across all sectors

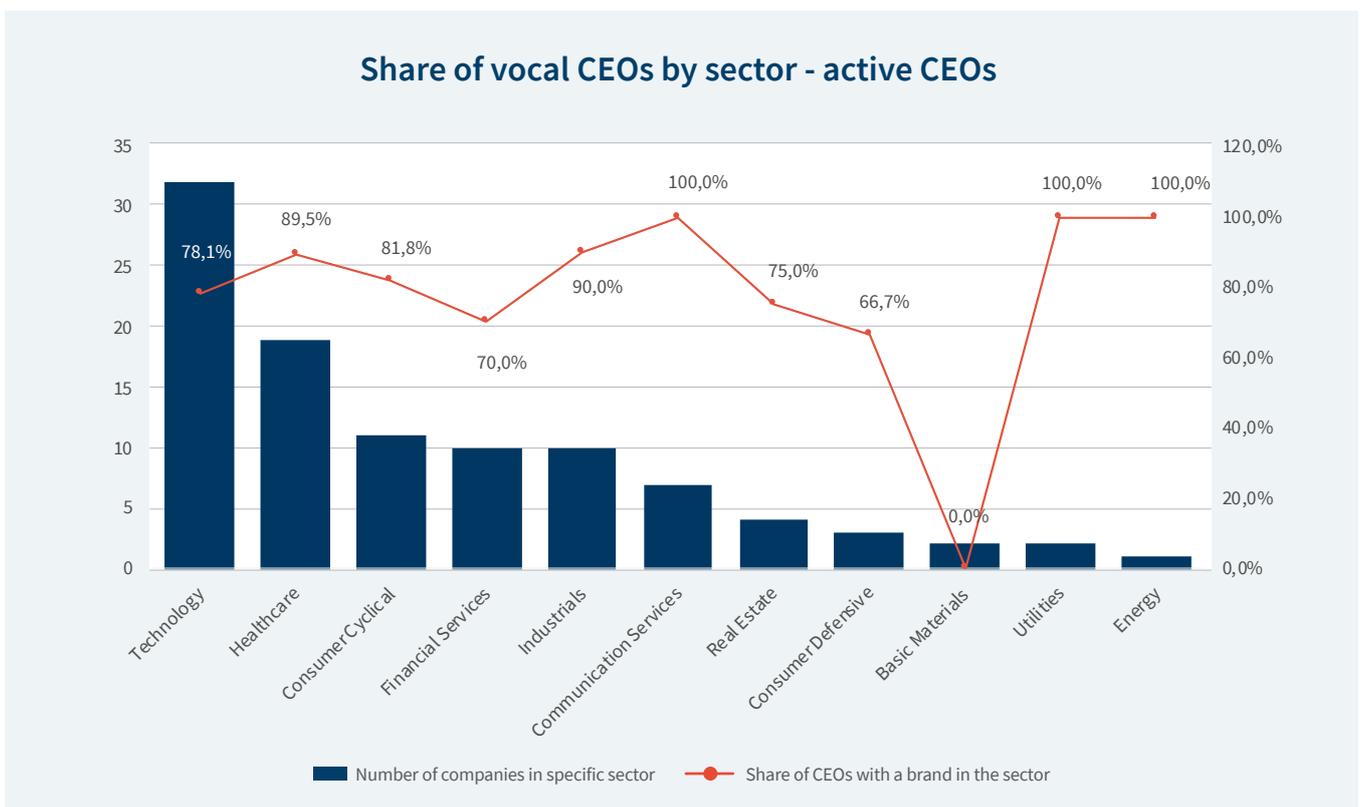
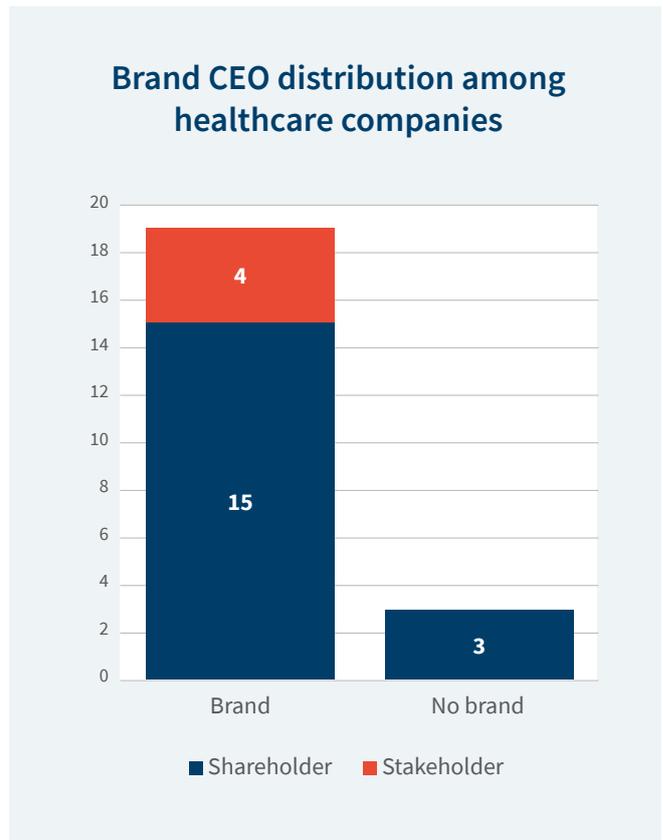
Valuing the importance of communications is shared by CEOs of fast-growing companies across almost all sectors. Vocal CEOs were a feature of fast-growing companies in all the sectors we evaluated except basic materials (represented by only 2 companies). The graph below reflects only the CEOs who are currently in office (or at least were at the end of 2019*).

For a sector like technology, it is not surprising to see that most CEOs are vocal, considering that the sector has traditionally been more communicative.

Healthcare on the other hand, has traditionally been perceived as a quieter sector, in that it lays less emphasis on communicating to broader audiences beyond investor calls. However, of the companies we evaluated, healthcare had the second largest number of fast-growing companies, and an even higher share of vocal CEOs than technology.

There were 19 healthcare companies among the fastest growing 100, which were led by 22 CEOs (3 of which retired during the 2015 – 2019 period).

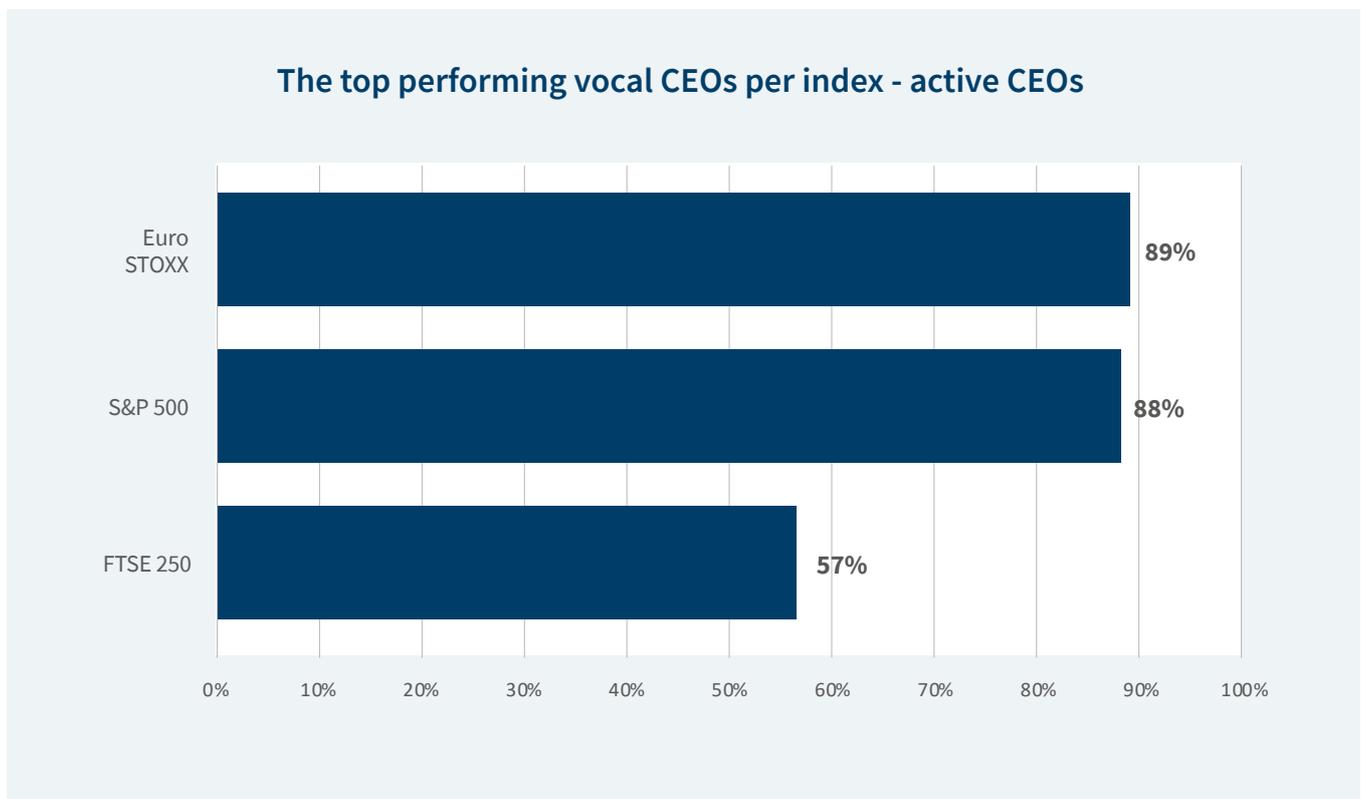
Of these 22, 19 were vocal and had a brand, while 4 of them were classified as stakeholder CEOs who engaged on issues outside the remit of their company’s immediate bottom line.



* The CEO of Zoetis, Juan Ramón Alaix stepped down at the end of 2019. Kristin Peck took office starting in Jan 2020, but we could not establish whether she will be a vocal CEO or not in such a short time frame, and she was not the leader of the company during its growth. Thus, only the data for Juan Ramón Alaix was studied.

6. Vocal CEOs a phenomenon across geographies

Most studies looking into CEO communications tend to focus on US companies, with some coining the term ‘CEO Activists’ for CEOs playing an active role in the US political process*. Our research shows that while American CEOs more frequently take a stance on controversial issues, European leaders are no less vocal. In fact, the Euro Stoxx index had the largest share of active vocal CEOs.



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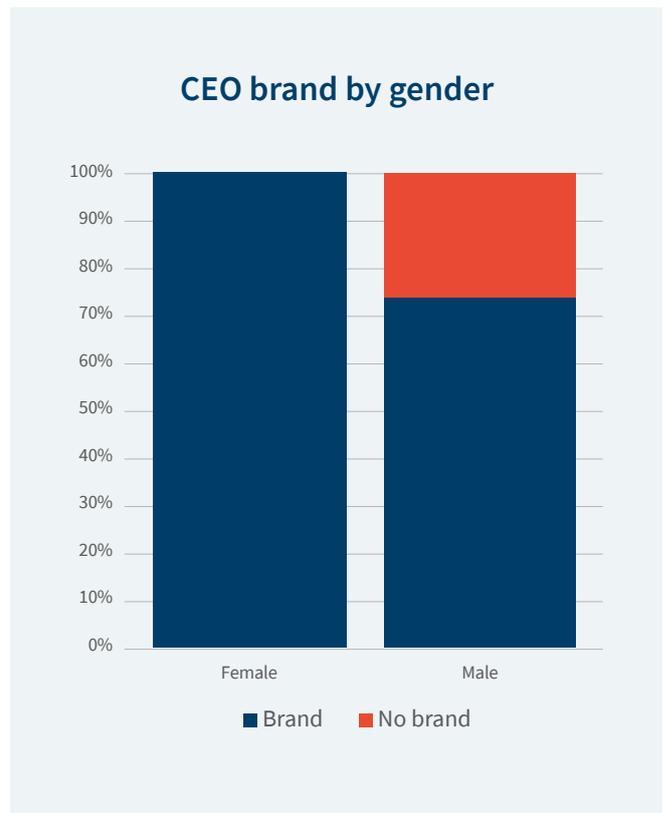
7. Communication a priority for all female CEOs

Interestingly, as many CEOs globally remain hesitant to embrace these new expectations for their role, women are leading the charge. All women who made it to the highest position of leadership in their company considered communication an important part of their leadership. While significantly underrepresented – of 128 CEOs evaluated here, only 6 of them were women (4.7%) – all women CEOs in our study had a distinct brand and communication style.

While the sample size is too small to draw major conclusions, it is clear that the women CEOs analysed in this study ‘get it’ and consider communications vital to their leadership success.

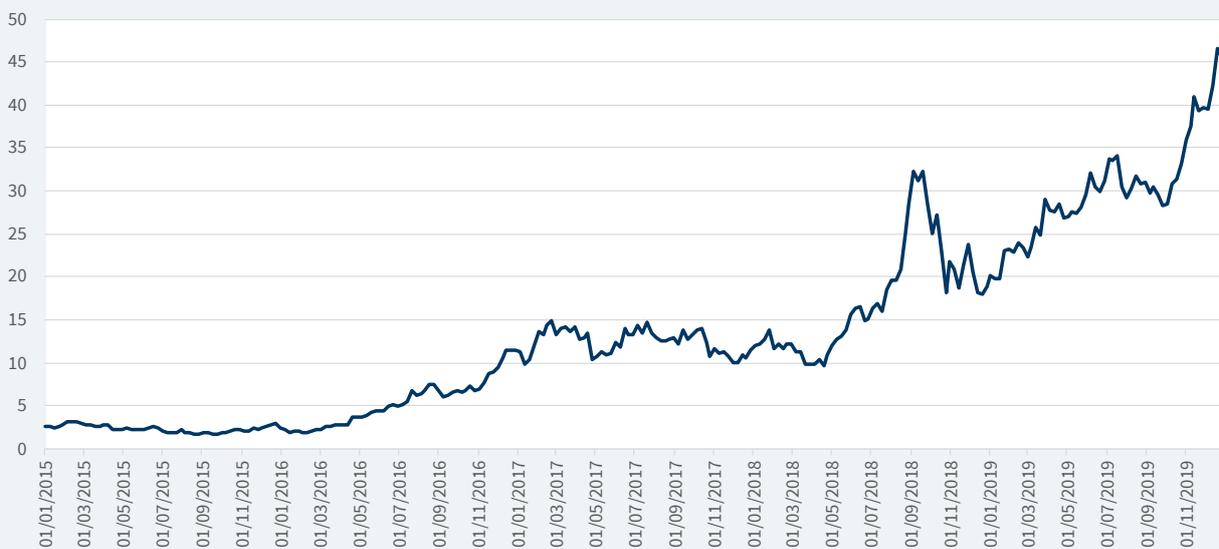
“Extreme communication”

One great example is Lisa Su, who took the helm of semiconductor company AMD in 2014 when it was on the brink of bankruptcy, with its stock trading around \$2 a share. Su turned the company around to become one of the fastest growing companies in the world. When asked how she got everyone at AMD onboard with her plan to focus only on products where AMD was a leader, she answered “extreme communication” pointing out that if you want something to stick you have to say it 75 times and then say it another 75 times*.



The trend seems to indicate that female CEOs better understand the value of communications for their company’s performance.

AMD - weekly share price closing value: Jan 2015 - Dec 2019



* How Lisa Su Turned Around AMD, Fortune Magazine, 22 October, 2019

Conclusion & Recommendations

This study, *The CEO Brand and its Impact on Business*, emphatically points to the business advantages that companies experience from embracing communications as a priority for the board and CEO.

How can company leaders use this research to strengthen their business?

1. Make communications a board-level consideration

Seemingly a common trait across the fastest growing companies is their leadership's understanding of the importance of communications. Company leadership and boards should therefore not relegate these responsibilities to the operational level under the Chief Marketing Officer, but instead put communicating business priorities and strategy to investors and other stakeholders with business leaders at the top of the agenda.

Companies looking for leaders who can take the business on a fast-growth trajectory, should look beyond just a candidate's past record in terms of hard skills, but also consider soft skills such as the ability to communicate and inspire confidence among stakeholders.

2. Choose the channel and voice that is most authentic to the CEO's communication style

With the growth in available digital channels, executive communications has transformed significantly over the last two decades. Investor and stakeholder trust today is won when leaders speak transparently and consistently. The advantage of the breadth of available channels is the opportunity for executives to find a low-barrier communication method that is most authentic to their voice.

3. Focus more, not less on communicating to stakeholders during turbulent times like the COVID-19 pandemic

Companies with a track record of open and transparent communications fared better during the pandemic. With many questions and uncertainties impacting confidence in the marketplace, it is important that leaders are transparent where possible and share the information they have. If CEOs wait until the crisis hits to establish a relationship of trust with stakeholders, they will miss the boat.

4. See communications as a differentiator against your competitors, regardless of geography, sectors and nature of services or products

With communicative leaders outperforming their peers, regardless of geography, sector and the nature of services or products, the axiom that B2B companies or traditionally more discrete industries should communicate less, is proven to be misinformed.

The analysis highlights that this doesn't mean leaders need to seek out controversy or communicate non-stop. What inspires investor and stakeholder confidence with B2C companies, does not necessarily work for B2B companies. Instead, as overall market expectations have shifted towards transparency and consistency, regular communication tailored to your specific industry needs, will already bolster confidence and support from employees, shareholders and customers.

How we can help

It has never been more critical for businesses and CEOs to prioritize transparent and consistent communication. FTI Consulting's global corporate reputation experts stand ready to assist your business in strengthening your CEO brand and your company's reputation. We can help in the following ways:

EVALUATE

An audit of your CEO Brand that will help build a strong foundation to promote your business objectives

- A global CEO brand ranking showing where your company stands among its peers
- An evaluation of the gaps in your CEO's communications strategy
- A sectoral CEO brand benchmark (trends for Healthcare, FS, Energy etc.)

BUILD

A CEO Brand Builder that will give you all the tools you need to communicate effectively, transparently and with purpose

- Narrative development: workshop and message building
- Thought leadership: executive profiling, C-Suite content generation, executive speechwriting
- Internal comms: best practice for communicating to employees in times of change

STRENGTHEN

A CEO media, social media and digital presence that will get you in front of the right audiences at the right time

- CEO media training
- Pitch stories and CEO interviews in trade and top tier media
- Effectively profile the C-suite using digital tools: (video, Twitter, LinkedIn, etc.)
- Paid promotion support and execution
- Website development and content

PROTECT

Everything you need to **prepare for and manage any issues or crises** that may arise

- Audit of crisis management preparedness and materials
- Drafting of crisis manuals
- Crisis communications training
- Real time crisis management and comms support

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Appendix

Methodology

The research was structured in four phases:

1. Identifying companies

We extracted the top 100 companies that had the highest share price growth rate between 1 Jan 2015 and 31 Dec 2019 across 3 indexes: The S&P500, FTSE 250 and Euro Stoxx.

2. Company characteristics

Using desk research, we evaluated the following characteristics:

- The CEO(s) that were leading the company between Feb 2015 and Feb 2020.
- Gender of CEO
- If he/she is a current or former CEO
- Sector and Industry (as classified by Yahoo finance)
- Stock market (S&P, Euro Stoxx or FTSE)
- Company HQ (geographic)
- B2B and/or B2C

3. Analyse the CEO

Based on these companies, we identified the 128 CEOs who led them (several companies had changes in leadership). We then analysed how they communicated between Feb 2015 and Feb 2020. For the CEOs that had shorter tenures, we only looked at their time at the helm of a company. We assessed whether they were vocal (what we called in our research “having a brand”) based on several indicators:

a) Number of instances where we could find the CEO proactively communicated / reached out to the media or the public.

- In order to measure this, we used an online listening tool to monitor mentions of the CEO in the news and social media. We consistently used the following template for our keyword search query:

“Name of CEO” OR (“Company name” AND (CEO OR Executive)). In most cases we only looked at English content (especially with companies that were based or had their main operations in the US, the UK or Ireland). However, for CEOs based in other countries (ex:

Netherlands or Germany) we also added the respective languages of their countries, especially if the English query only yielded very few mentions. In cases where the CEO’s name was too common, we used the query (“Name of CEO” AND “Company name”).

- The period we analysed was Feb 2015 to Feb 2020 (or the tenure of the CEO in the instance that he/she was not in the position for the whole period).
- After setting the query, we noted total number of mentions and closely evaluated the peaks in conversations, including the smaller ones. We looked for the following in these mentions:
 - A quote from the CEO
 - A speech he or she made during that time or a presentation
 - A social media post that gets media attention or strong social media engagement
 - Other miscellaneous statements or actions on the part of the CEO that had the objective of conveying a message
 - Passive mentions, like “CEO of Company X earns 10 million \$ a year” were not counted
- We tagged this category as a 1 if the CEO had more than 8 on-record statements per year. The assumption is that this means he/she reaches out more times than the mandatory quarterly earnings, and that if we manage to see it due to a peak in mentions, it implies that there was some effort put into amplifying that message. Also, we assume that we will miss some statements, so if we find 8 / year the CEO probably made more.
- We also noted down separately if we found between 4 and 8 on the record statements per year (reason for this to be explained further down).
- Further, there were cases when a CEO was not active at the beginning of the period analysed but progressively became more vocal. If we found that starting from 2019 at the latest, he/she starts coming out with more than 8 statements per year we tagged the CEO as vocal (even if before he/she falls below this threshold). These CEOs were added to the column “Change in Vocal”.

b) Does the CEO have a social media presence?

- We determined the presence of social media accounts by desk research.
- If the CEO published something at least once a week on any of his/her social media accounts, we tagged the CEO as a 1 in the column “Active personal social media”.
- If the CEO published something only once per month (or somewhere between 1 month and 1 a week) and in addition, we also found between 4 and 7 instances where the CEO proactively communicated (so from the previous research point) then we noted them as being vocal.

c) Is the CEO passively mentioned in the media? Do newspapers talk about the CEO without him/her making any statements or reaching out?

d) Apart from bottom line issues, do the CEOs speak out about other issues? We've identified several categories: social, environmental, political, cultural and personal issues.

After gathering these observations, we proceeded to answer the most important question in this study: is this CEO vocal? We've defined a CEO as vocal if any of:

1. We found more than 8 on-record statements per year (even if this occurs only in the latter years of his tenure).
2. The CEO has social media accounts and posts at least once per week.
3. He/she publishes on social media less often than once a week but at minimum once a month and we find between 4 and 7 instances where the CEO proactively communicated.

4. Effect of the coronavirus on share price

During the period we studied, the coronavirus was still having only a marginal impact in Europe and the United States, so it did not affect our initial findings. However, given the importance of CEO leadership and communication during the COVID-19 crisis we additionally evaluated how the share value of these 100 companies

evolved during the corona crisis. We did not re-evaluate CEO communication styles during this time for several reasons:

- Given it was an exceptional time, their communications activities will likely differ from what they would implement in most other circumstances.
- The indicators we developed are more suited for a high-level overview of whether the CEOs of companies engage in communications. For researching this fairly short time frame, more qualitative metrics would have been better suited.

We assessed how the share price of each company evolved – between the 4 March (one week before the WHO declared a pandemic) and 11 May – compared to their industry peers. One of the 100 companies we assessed (WellCare Health Plans) was delisted at the beginning of 2020, due to it being acquired by Centene. Thus, we could not evaluate how it fared during the COVID-19 crisis. In order to get the performance of each company's industry peers, we took two approaches:

- For companies listed on US stock exchanges, we used a stock market research platform to get their average industry performance. It was not possible to use the same approach for FTSE and Euro Stoxx because the research platforms did not have the data. It should be noted that certain companies were listed on several exchanges. If they were included in US exchanges we compared their performance with that of their industry peers from these exchanges. The industry performance is weighted by market cap.
- For companies listed only on other exchanges we used several stock market screeners to find their main competitors and industry peers. We generally tried to focus on companies in similar geographies, in the same business sector* and with comparable market caps (these can vary, but in general we aimed to avoid having competitor lists where one company accounted for 40 percent of the total market cap or two companies for more than 60 percent). It was not unusual to find that many of the 100 companies were competing with each other. We noted the share price evolution of each of the companies found in these competitor lists. The weighted average (by market cap) of these performances were used to determine the performance of peer companies.

* It should be noted that there were several instances where the business was so specific that sector peers would often give misleading data. In these cases, we made a customised competitor list.