
BUSINESS ACUMEN FOR STRATEGIC COMMUNICATORS



THE WORKBOOK

MATTHEW W. RAGAS
RON CULP

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The Workbook

by

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INVESTOR IN PEOPLE

This book is dedicated to the educators, professionals, and students who recognize the role of business acumen in developing the next generation of leaders in strategic communication.

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Matthew W. Ragas, PhD, is a tenured Professor in the College of Communication at DePaul University. He was the Founding Director of the DePaul Master's in Professional Communication program and served as the academic director of the Master's in Public Relations and Advertising program during which it was named the PRWeek Awards PR Education Program of the Year. An award-winning Teacher and Researcher, Matthew W.

Ragas is the author of more than 60 publications and six books. His business acumen books with colleague Ron Culp are in use at more than 30 colleges and universities around the world, as well as in professional learning and development programs. Matthew W. Ragas serves on the editorial boards of the *Journal of Public Interest Communication*, *Journal of Public Relations Education*, *Journal of Public Relations Research*, and *Public Relations Journal*. He has been a Fellow of the Coleman Entrepreneurship Center, the

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Stacey Tank is a Fortune 500 veteran and the Chief Executive Officer for Bespoke Beauty Brands, parent to affordable luxury brands Jason Wu Beauty and Kim Chi Chic, which can be found at retailers like Target, Macy's and CVS, as well as on TikTok and Amazon. Prior to this role, Stacey was based in Amsterdam as the Chief Transformation Officer for HEINEKEN (AMS: HEIA) with €29 billion in annual revenues and over 100,000 global

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FOREWORD FOR *BUSINESS ACUMEN* FOR STRATEGIC COMMUNICATORS

Stacey Tank

In my early 20s, I worked for the company that *FORTUNE* magazine called its “Most Admired” – General Electric – with its complex global footprint across businesses that ranged from healthcare equipment to plastics to nuclear power to commercial real estate and television studios.

Regardless of the business segment, I noticed a pattern that seemed to repeat itself no matter the team or subject. We would have a great idea that we felt would change the game and catapult our work to the next level. The idea would be oozing with creativity and impact, creating just enough “squirming in our chairs” to tell us we were onto something.

We would toil in our office cubicles late into the night hyped up on free coffee making fancy PowerPoints with wiz-bang animations to help us pitch the idea to our boss (because there were no laptops or cell phones in those days). When the idea’s debut moment finally arrived, our boss would listen and often, he seemed to like what he heard. He would perk up and start to brainstorm to round out the edges along with us.

It would feel like everything was going in exactly the right direction. Then like clockwork, in the last 10 minutes of the discussion, a shoe would drop. The boss’s former enthusiasm would fade into a furrowed brow. There was probably no budget to put behind the idea, he feared. He wasn’t sure how much was really left to go this year and finance said the budgets were terribly tight.

It probably wasn’t going to work out this time. “Let’s save this one for next year.”

Inevitably, we would retreat with our tails between our legs, unsure if our idea wasn’t really that great or if our leader had somehow succumbed to his fear of the finance department with their blank stares, intimidating lingo, and

love for scored earth “zero-based” budgeting. (This is a dramatic and sometimes unfair characterization, I realize. I do love my finance friends, as a reformed finance leader myself.)

My mother would confirm that I am a stubborn gal, and this “fear of finance syndrome” was part of the reason I pushed myself to join GE’s Corporate Audit Staff in the mid-2000s. Marketing and communications employees rarely pursued this career path. When I started to express interest, I experienced a string of encouraging yet bemused stares as I underwent the gauntlet of requisite interviews.

I remember wandering up to the executive floor of GE’s global headquarters in Fairfield, Connecticut, which was sterile but beautiful. You could hear a pin drop. I tiptoed so my high heels didn’t make too much of a ruckus as I wandered, slightly lost, down the corridors. When I was waved into one of the cavernous offices by the executive’s assistant, I would settle myself into a Herman Miller chair and embrace the inquisition: Net-net, did I understand what I was getting myself into?

Of course, the truth was . . . I had no idea. But I never wanted to feel like one department was pulling the wool over my eyes. What really happened over there in the finance department? For better or for worse, I was about to find out.

I have great appreciation for the audit staffers who worked with me during my first few audits because I had no idea what I was doing. They were mostly generous in teaching me, penciling out the T-accounting and explaining each Generally Accepted Accounting Principle (GAAP) as I was assigned new audit areas like inventory or revenue recognition. Spending time on multiple continents in industrial businesses like GE Healthcare, GE Aviation and GE Energy, plus GE’s consumer and commercial finance businesses – with movie and television studios throw in for a dose of glamour – was the most incredible training ground despite the incredibly long days and frequent moments feeling consumed by inadequacy.

Little by little, I started to become fluent in the language of business – the income statement, the balance sheet, and the statement of cash flows. I also made a promise to myself along the way: When my team came to me in the future, I might not be able to say “yes” to every idea, but I would know exactly how much was left in my annual budget, and I would never shy away from having a tough conversation with finance when it was needed.

Today, as a CEO, I only appreciate my audit and finance background more deeply. Being a CEO is about resource allocation, whether that's setting a clear vision for the organization, ensuring the right people are in the right seats on the bus or placing financial bets in the places that are most likely to nurture the business over time. It's also about sensing risk and seeing around corners. My audit and finance experience has given me the confidence and knowledge to bob and weave as we invest in our brands and deliver the next great product for consumers – all while continuously improving our financial performance. I would simply not be as effective a CEO without doing those hard yards in finance early in my career.

If joining your internal audit or finance department feels like a step too far, this workbook offers a great alternative – a vehicle for hands-on learning to upskill communication professionals on the sometimes intimidating and incredibly relevant world of financial topics – from annual reports to financial statements and beyond. Take a big breath and jump into the deep end of the business acumen pool. Your leadership impact will blossom because of it. And may you forever have visions of Excel files dancing through your mind!

Stacey Tank
Chief Executive Officer, Bespoke Beauty Brands
Former Chief Transformation and Corporate Affairs Officer
The HEINEKEN Company

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PREFACE

There is an ancient Chinese proverb that says: “if you give a person a fish, you feed them for a day. If you teach a person to fish, you feed them for a lifetime.”

This timeless wisdom sums up the need for this workbook. Learning core business acumen concepts is valuable, but learning how to apply them through *hands-on practice* is priceless.

Over the past decade, we have coauthored or coedited three prior books on business acumen for strategic communicators. These books are now used in college classrooms around the world, plus in the professional development programs of top public relations and strategic communication agencies and in-house departments. We greatly appreciate the continued favorable reception to our work and the invaluable feedback from our readers. We have heard and now hopefully responded to requests from instructors and learners: to give us innovative ways to embrace *active learning* when teaching and learning about the world of business.

Message received and (work)book delivered.

Business Acumen for Strategic Communicators can be used in conjunction with our book *Business Acumen for Strategic Communicators: A Primer* (or our earlier title, *Business Essentials for Strategic Communicators*), or it can be used as a stand-alone text in courses and workshop programs. This workbook respects the busy schedules of students and professionals. Time spent on professional development is precious. Our work embraces a “less is often more” approach to learning. The chapters are purposely short and concise, written in the same accessible and conversational style that you will find in our other business literacy books.

The workbook is divided up into seven sections:

1. An introduction, which defines the term *business acumen* through the lens of senior communication leaders, followed by recommendations from senior communication leaders on practical ways to develop greater business literacy.
2. A review of how to read financial statements and conduct essential valuation analysis.
3. A review of the CEO and executive director letter and the annual report.
4. A review of the quarterly earnings report, including the earnings release and the earnings call.
5. An overview of the evolving expectations of ESG, DEI and EEO-1 reports.
6. A look at key corporate and organizational governance information, including the annual proxy statement at public companies.
7. The book concludes with a final section on business acumen and professional development, filled with actionable advice to put into practice across career stages.

For sections two through five, each chapter starts with *the brief* – a concise, quick moving overview of the core concepts in the chapter, including *key definitions* and the *data sources* related to the chapter content, plus how and where to access the sources. The chapter then moves on to *the exercise*, which allows the learner to analyze the specific business materials of organizations. For example, for the earnings release chapter, the exercise is a guided analysis of the quarterly earnings release through the lens of the strategic communication professional. The chapter then wraps with a set of *discussion questions* and a *group activity*, also through the lens of the strategic communicator. A list of *key terms* to review are included at the end of the chapter. The discussion questions and activity may be completed in conjunction with the exercise or used separately with the brief serving as the “cliff notes” that help “level set” the learners.

We intentionally wrote a more inclusive book with exercises and content that apply to a range of organizational settings. This means not just public companies but also private companies and nonprofit organizations (NPOs). In the back of the book, answer keys are included to go along with each of the chapters that feature exercises. Each answer key denotes the specific organizational document that was analyzed. For the public company chapter exercises, we selected Apple Inc., one of the world’s most influential

technology and media companies, as the case study to analyze. The private company we selected is Cargill, the largest US-based private corporation with operations spanning the world. The NPOs we chose are the Academy of Motion Picture Arts and Sciences, the producer of the Academy Awards, commonly known as the Oscars, and Feeding America, the largest US charity based on private donations. While we are based in the United States and the focus of the book is on American rules, regulations, and disclosures, we also purposely include international examples throughout.

Last, but certainly not least, this workbook includes an updated and expanded glossary of business terminology written specifically for communicators. We think the glossary alone is worth the price of admission. To become (and stay) fluent in the language of business means learning the ever-evolving vocabulary of business and management. Whether you've been working in the business world for just a few years or for many decades, there are always new terms to know and old ones to brush up on. As always, we welcome your thoughts and feedback.

In conclusion, to revisit the fishing themed metaphor we shared at the start of this preface, we believe the waters are choppy but promising for the future of the strategic communication profession. Never have organizations, their stakeholders, or society had a greater need for ethically sound, business-savvy strategic communication counsel and advice. May this book help you accelerate your career journey as you navigate the sea of possibilities ahead.

Matt Ragas, PhD
Ron Culp, Fellow PRSA
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Chicago, IL

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ACKNOWLEDGMENTS

Real-world experience along with feedback are, indeed, the best teachers. This fourth book project together has benefited from the dozens of educators and professionals who have shared their insights and advice with us since the publication of our first book, *Business Essentials for Strategic Communicators*, a decade ago.

Feedback and encouragement from around the world led to this latest effort to provide a hands-on tool for understanding and developing better business communication skills.

Special thanks to the more than 200 educators and professionals who have supported our efforts to increase the business acumen of current and future strategic communicators. Beginning with a sage suggestion from Pat Ford, who we invited to write the Afterword for this workbook, we quickly saw the need for a hands-on workbook for use in classrooms and in the workplace.

Our proposal for such a workbook was well received and swiftly approved, thanks to Charlotte Maiorana, head of the books program at Emerald Publishing, which published our previous two books, *Business Acumen for Strategic Communicators: A Primer* and *Mastering Business for Strategic Communicators*. Charlotte, content development editors Lydia Cutmore and David Jak Mulvaney, book sales manager Kimberly Wiley, and the entire Emerald team once again made the challenge of book publishing a pleasure. Special shout-outs to rockstar DePaul grad alum and talented creative strategist Kevin Spitta for the author headshot images and to trusty graduate assistant Ella Tobias for her work on the tables in the appendix.

We also are grateful for the ongoing support from our DePaul University colleagues, who fully embrace the importance of equipping the next generation of communication professionals with business knowledge and skills. Special thanks to Dean Lexa Murphy and our colleagues in the College of Communication. We received similar encouragement and support from professional and academic organizations that understand and promote the

importance of elevating the business acumen of rising industry talent – the Page Society, Association for Education in Journalism and Mass Communication, Communication Leaders of Chicago, Institute for Public Relations, International Association of Business Communicators, Museum of Public Relations, Plank Center for Leadership in Public Relations, and the Public Relations Society of America.

The hundreds of hours required for such a project would not have been possible without the patience and understanding of our partners, Traci Ragas and Sandra Culp. Over the past 15 or so years, we have grown as colleagues, friends, and “family” with Matt and Ron often being able to finish each other’s thoughts and sentences. This mutual respect for each other is a secret ingredient to the successful coauthorship of this book and our past and future collaborations.

And, of course, thanks to you – our readers. The very fact you are using this workbook demonstrates your commitment to becoming a more strategic communicator.

Part I

INTRODUCTION

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1

DEFINING “BUSINESS ACUMEN”: A DELPHI STUDY OF CORPORATE COMMUNICATION LEADERS*

Public relations and communications practitioners have long argued that for public relations and communications to be most effective, they should have “a seat at the table” or at least provide valued strategic counsel to those sitting at the leadership table (Bowen, 2009; Grunig, 2006; Grunig et al., 2002; Neill, 2015). Within the corporate world, more public relations and communications professionals, led by the rise of the chief communications officer (CCO), are gaining such an opportunity (Bolton et al., 2018; Marshall et al., 2015a, 2015b; Penning & Bain, 2018; Ragas & Culp, 2014a, 2018).

Increasingly within corporations, the role of PR and communications has evolved beyond simply managing messages, such as “how to say it” and “what to say,” to helping advise the C-suite on policy decisions and corporate behaviors – the “what to do” (Arthur W. Page Society, 2016; Christian, 1997). This evolution into more of a strategic management function has

* Republished with the permission of the Public Relations Society of America and the Institute for Public Relations: Ragas, M. W. (2019). Defining “business acumen”: A Delphi study of corporate communications leaders. *Public Relations Journal*, 13(1), 1–19.

resulted in additional expected competencies for PR and communication graduates and professionals. Professionals and educators alike agree that one such emerging critical knowledge area is *business acumen* (Duhé, 2013; Feldman, 2016; Neill & Schauster, 2015; Ragas et al., 2015). However, what this term actually encompasses is somewhat murky and ill defined.

For example, a comprehensive report from the Commission of Public Relations Education (2018) identifies business acumen as an important knowledge area for preparing entry-level PR professionals (along with ethics, diversity and inclusion, cultural perspective, social issues, and PR laws/regulations). However, no detailed definition of the concept is provided. Even books on this subject don't provide comprehensive definitions (see Ragas & Culp, 2014a, 2018). As such, the purpose of this study is to better define what specific knowledge falls under "business acumen" as well as to determine what perceived professional, organizational, and societal benefits may be associated with this competency.

A Delphi panel technique (Dalkey, 1969; Hsu & Sandford, 2007; Sackman, 1975) will be used to solicit opinions and reach general consensus among a group of subject matter experts, in this case, senior corporate communications leaders. Such an effort is far from a semantic exercise (Hayes & Smudde, 2015). Finding common language, meaning, and understanding on this key term will importantly help focus and advance future scholarly and professional research, teaching, and training and development programs for the field.

LITERATURE REVIEW

The notion that public relations and communications professionals should have a grounding in business acumen to do their jobs more effectively is not entirely new. Thirty years ago, Turk (1989) argued that business management skills should be taught in PR programs. The classic Excellence studies concluded that the best indicator of excellent public relations is PR professionals having the knowledge needed to play the role of communication managers and not just technicians (e.g., Dozier et al., 1995; Grunig et al., 2002).

Business Acumen and Public Relations Leadership

However, this perspective has gained considerably more acceptance in recent years. Top public relations textbooks often now acknowledge business and financial literacy as part of the desired knowledge base and skillset for PR professionals to take on more leadership roles in organizations. For example, Wilcox et al. (2023) outline the following essential career skills in *Public Relations: Strategies and Tactics*, one of the most used textbooks in the field: (1) writing skills, (2) research ability, (3) planning expertise, (4) problem solving ability, (5) business/economics competence, and (6) expertise in social media. According to Wilcox and colleagues (2023), “the increasing emphasis on public relations as a management function calls for public relations students to learn the ‘nuts and bolts’ of business and economics” (p. 27).

Similarly, Swann (2014) writes in *Cases in Public Relations Management* that “one factor preventing some public relations practitioners from entering the ranks of management is a lack of understanding of basic business principles, management strategies, and number-crunching” (p. 5). In Swann’s view (2014), “to be a part of management, a public relations practitioner should understand the language of business, how the organization operates, how it makes money, and how its strategic plan meets current and future challenges” (p. 5).

Research from the Commission on Public Relations Education (CPRE) has long recommended that undergraduate and graduate PR coursework incorporate business concepts and terminology (CPRE, 2006, 2012). In addition to recommending six minimum courses for PR undergraduate majors (i.e., introduction/principles, research methods, writing, campaigns/case studies, supervised work experience/internships, and ethics), the CPRE (2018) now recommends five additional areas of study: *business literacy*, content creation, data analytics, digital technology, and measurement and evaluation. Business literacy is defined by the CPRE as “providing students with a working knowledge of the fundamentals of corporate accounting and finance, economic thinking, capitalism, markets and financial communications” (2018, p. 63).

Included within the 2018 CPRE report were the findings of a 2016 omnibus survey of public relations educators and practitioners on the knowledge, skills, and abilities (KSAs) sought in entry-level PR practitioners (see O’Neil, Moreno, et al., 2018). As part of this survey, various knowledge

areas were evaluated. Respondents rated *business acumen* as fourth highest ($M = 3.76$) on a list of 12 different knowledge areas that entry-level practitioners should have, behind ethics ($M = 4.51$), diversity and inclusion ($M = 3.95$) and cultural perspective (3.83), and ahead of eight other knowledge areas, such as social issues, PR laws and regulations, PR theory, global perspectives, and crisis management. It is worth noting that, out of all the various KSAs that were evaluated by respondents, the skills of writing ($M = 4.85$) and communication ($M = 4.75$) scored the highest on the entire survey.

The findings of this quantitative survey by the CPRE pair well with qualitative research conducted by Neill and Schauster (2015) with public relations and advertising agency leaders to help identify potential gaps in PR and advertising education. This study identified the following core skills necessary for recent graduates: (1) writing, (2) *business skills*, (3) strategic planning, (4) presentation skills, (5) math skills, and (6) client relations/interpersonal skills (Neill & Schauster, 2015). Elaborating on these results, Neill and Schauster (2015) conclude that senior PR and advertising professionals “bemoan the lack of business literacy among communication majors and support situated learning opportunities to address these deficiencies” (p. 5).

Intersecting with research into the desired knowledge, skills, and capabilities for the changing PR profession is research into leadership development for PR practitioners (Jain & Bain, 2017) and the communications function as a whole (Penning & Bain, 2018). Scholars affiliated with the Plank Center for Leadership in Public Relations at The University of Alabama have helped advance the literature on leadership in public relations and communications in recent years (see Berger, 2019; Berger & Meng, 2010, 2014; Meng, 2014). A result of these research efforts has been the development of the Plank Center’s model of integrated leadership in public relations (Meng, 2014). This model includes seven dimensions or categories of overall leadership competency. Six of these dimensions focus on the individual or personal level: self-dynamics, team collaboration, ethical orientation, relationship building, strategic decision-making, and communication knowledge management. The seventh dimension is at the organizational level – the organizational culture and structure in which the PR professional and team practice communications (Berger, 2019; Meng, 2014).

A study of nearly 5,000 communications professionals in 15 countries rated *strategic decision-making* as the most important of these leadership

dimensions (Berger & Meng, 2014). Strategic decision-making is defined by Berger (2019) as “the extent to which PR leaders are knowledgeable, effective and valued participants in strategic decision-making groups and processes in their organizations” (p. 20). Berger (2019) asserts that, to participate effectively in strategic decision-making, PR leaders should focus on development in the following areas: critical thinking, *business and financial essentials*, cultural intelligence, strategic planning, and power dynamics in organizations. Whether called business acumen, business literacy, or business essentials, scholars and practitioners increasingly acknowledge the growing value and need for business knowledge to help advance the stature and effectiveness of PR and communications.

On the flipside, some CCOs and PR agency leaders see a *lack* of widespread business acumen within the public relations and communications profession as inhibiting how the function is perceived and valued by business leaders (see Ragas & Culp, 2018). According to Feldman (2016), a longtime advisor to CCOs, C-suite leaders and corporate boardrooms:

The rise of the entire function in the eyes of the C-suite depends on the stature, business acumen and performance of the individuals in the organization. Strong business acumen is not perceived to exist now in the function, meaning it will often be viewed as a tactical, non-strategic weapon. (para. 9)

Similarly, Spangler (2014), a former CCO for two different Fortune 500 companies, argues that PR professionals must develop business acumen to prove to the CEO and other C-level leaders they understand the business and should serve as strategic advisors (and not just tacticians). In his view, “only by showing you have that knowledge will you gain management’s permission to provide your counsel and launch a communications process that drives winning results” (Spangler, 2014, p. 9).

Defining *Business Acumen* in a Public Relations Context

But what specific knowledge falls under the domain of business acumen, especially in a public relations and communications context? This answer is less clear. While the term “business acumen” is increasingly used by professionals

and academics, an empirically derived, formal definition and explication of the concept is lacking in the literature. Ragas and Culp (2018) argue that when PR and communications professionals say *business acumen*, they are referring to professionals gaining and maintaining a foundation in “essential general and industry-specific business knowledge.” More specifically, Ragas and Culp (2018) say such business knowledge should include a “strong grounding in the fundamentals of the major areas of business, such as management, finance, accounting, marketing, sales, human resources, information technology and data science, supply chain, innovation and transformation” (p. 4). The CPRE (2018) report describes business acumen as “understanding how business works, to provide the contextual significance of public relations” (p. 28). There is value in the succinctness of the CPRE definition, but what specific business knowledge is assumed by the term is not addressed.

Therefore, a critical next step in advancing the level of business acumen across the profession is more fully understanding *what presumed knowledge underlies this term*. Finding common language, meaning, and understanding around this key term will importantly help focus and advance future research, teaching, and professional development on this subject. According to Kent (2012), “definitions are what academics and professionals turn to in order to make decisions about where to devote scarce resources” (p. 708). Hayes and Smudde (2015) make a related point that “clearer terms also give academics more precision about the same phenomena and, thereby, provide everyone with a shared vocabulary.” The value of having a shared vocabulary among PR academics and professionals is evident through the publication of academic-professional collaborative work by the Institute for Public Relations, such as *The Dictionary of Public Relations Measurement and Research* (Stacks & Bowen, 2013).

Senior corporate communications leaders view developing business acumen as a priority for the profession and a key factor in their own success (Ragas et al., 2015). Senior leaders have not only ascended to the highest levels of the profession but are also often responsible for the hiring, development, mentoring, and management of PR and communications teams. Further, senior leaders are the most likely to have gained a seat at the management table and/or serve as counselors/advisors to organizational leadership on business and communication matters. As such, the views of senior corporate communication leaders on the subject of business acumen are