

CEO ACTIVISM IN 2017: HIGH NOON IN THE C-SUITE



INTRODUCTION

In June 2016, Weber Shandwick and KRC Research released research about the American public's awareness of and attitudes toward CEOs speaking out on important societal issues. We conducted the study at a time when we observed a rise in CEOs taking public positions on societal issues that were not overtly tied to their bottom lines. Many of these early activist stands were related to legislation enacted in various states that affected the LGBT community. In the research, *The Dawn of CEO Activism*, we found that a sizeable, but minority, segment of Americans believe that CEOs have a duty to speak up on contentious issues, favor CEOs who voice their opinions and are likely to buy products/services from companies that take stands.¹ However, we also learned that public opinion works both ways: Many Americans disagree with CEOs taking stands on hot-button issues and are less likely to buy products/services from companies whose CEOs do so. We concluded that CEO activism comes with both risks and rewards for CEOs and their companies.

OUR SURVEY DESCRIBED CEO ACTIVISM AS FOLLOWS:

In the past year or so, some CEOs have spoken out publicly and taken a stand on controversial issues. For example, CEOs have spoken up about social, political and environmental issues, such as climate change, income fairness, same-sex marriage, immigration, gun control and discrimination.



Since conducting that research, the business climate changed dramatically and it has grown harder for some companies to leave politics to the politicians. The tipping point came early in President Donald J. Trump's new administration. On January 27, 2017, the president issued an executive order temporarily banning travel to the U.S. from seven predominantly Muslim countries. Many CEOs spoke out against the entry ban, social media lit up, protests erupted worldwide and media attention exploded. Similarly, many companies and CEOs spoke out after the president announced that the U.S. would withdraw from the Paris climate accord.

To continue to provide counsel to clients on how businesses might respond to the policies of the new administration, Weber Shandwick collected 153 corporate responses to the executive order and found that 84% were issued directly by CEOs and 73% voiced a clear opinion against the ban. CEOs did not stand on the sidelines as pressure from stakeholders intensified, demanding greater accountability from those at the top.² *The Washington Post* describes Harvard Business School historian Nancy Koehn as having said that the corporate response to the travel ban compares to nothing else in scale or swiftness.³

¹ *The Dawn of CEO Activism*, Weber Shandwick & KRC Research, 2016.

² Business Response to the President's Executive Order on Immigration, Weber Shandwick, 2017.

³ "The Cost of Silence: Why More CEOs Are Speaking Out in the Trump Era," *The Washington Post*, February 17, 2017.

Given the wave of CEOs taking more public positions on societal issues, Weber Shandwick refreshed *The Dawn of CEO Activism* research in 2017 to see if perspectives on CEO activism changed over the past year. Looking at the American public overall, we learned that perspectives on CEO activism have not changed since 2016. That, however, is a surface finding: We found unmistakable signs generationally that cannot be ignored by business leaders. Millennials (ages 18–36) outpaced their elder peers on three key metrics: awareness of CEO activism, favorability toward CEOs speaking out and likelihood of buying from a company whose CEO speaks out on hot-button issues. Millennials, a highly desirable employee and consumer market, are generally more positive about activist CEOs than Gen Xers (ages 37–52) and Boomers (ages 53–71).



As we have witnessed over the past year, CEO activism is alive and well. Our new research on this trend reflects a strong enthusiasm among the Millennial generation for CEOs speaking out. In assessing the risks as well as the rewards that come with taking public positions, the influence of Millennials cannot be ignored. For companies looking to attract this young generation in terms of sales, recruitment and spreading word of mouth, CEO activism is hard to overlook.

Leslie Gaines-Ross, Chief Reputation Strategist,
Weber Shandwick



Why do Millennials support CEO activism? We can only speculate in broad generalizations, but several sources help frame key differences in the generations. A 2014 Pew Social Trends report shows that the Millennial generation is politically active (although detached from organized politics).⁴ They're more supportive of gay marriage, legal marijuana and social institutions. They are also America's most racially diverse generation. In all of these dimensions, they are different from today's older generations back when they were the age Millennials are now. Coupling these differences with their immersion in social media from an early age, they have more confidence in the power of networks and connectedness to make change.

⁴ "Millennials in Adulthood," Pew Social Trends, March 4, 2014.

“ I JUST THINK IT’S INSINCERE TO NOT STAND UP FOR THOSE THINGS THAT YOU BELIEVE IN.

So, I don’t think it’s something we should do every day, but I do think we’re also stewards of our companies, we’re representatives of the people that work with us. And I think we’re cowards if we don’t take a position occasionally on those things that are really consistent with what our mission is and where our people stand.



JEFF IMMELT, CEO, GE
in an interview with CNN⁵

The Pew study also reveals that Millennials have emerged into adulthood with low levels of trust in others. Perhaps they favor CEO activism because they want business leaders to be held accountable to the consumers who fuel the success of their companies and are more likely to trust business leaders to create change where government has failed to do so.

The older generations, on the other hand, may see CEO activism as frivolous. Boomers, and increasingly Gen Xers, are frantically ramping up for retirement, and their own finances may be top of mind for them rather than social issues. Gen Xers have often and historically been typecast as politically disengaged. As far back as 1999, an issue of *The Atlantic* describes Gen Xers as “considerably less likely than previous generations of young Americans to call or write elected officials, attend candidates’ rallies, or work on political campaigns. What is more, a number of studies reveal that their general knowledge about public affairs is uniquely low.”⁶

Millennials may regard CEO activism, and other forms of corporate activism, as a call to action that either was not needed or not perceived as necessary by generations before them.

HOW WE DID THE RESEARCH

Weber Shandwick partnered with KRC Research in March and April 2017 to conduct an online survey of 1,021 U.S. adults 18 years of age and older, representing the general population of America. *CEO Activism in 2017: High Noon in the C-Suite* tracks results from 2016’s *The Dawn of CEO Activism*, including the public’s awareness of CEOs speaking out on societal issues, their attitudes toward CEOs who speak out, and their willingness to buy from and work for companies with CEO activists. This second wave of research also examines new topics, such as consumer actions taken because of CEO activism, the influence of CEOs speaking out on government and perspectives on which specific issues CEOs should express opinions.

⁵“GE CEO on Disagree with Trump: ‘We’re Cowards if We Don’t,’” CNNMoney, April 1, 2017.

⁶“A Politics for Generation X,” *The Atlantic*, August 1999.

CEO ACTIVISM: MILLENNIALS BY THE NUMBERS



Among Millennials...

- 47%** believe CEOs have a responsibility to speak up about issues that are important to society
- 56%** agree CEOs and other business leaders have greater responsibility today for speaking out on hotly debated current issues than they used to
- 48%** have heard or read about CEOs taking public positions on hotly debated current issues
- 74%** of those who have heard or read about CEO activism have taken an action based on a CEO's stance on a hotly debated current issue, most commonly talking about the stance with friends and family (26%), as well as with coworkers (23%)
- 51%** would be more likely to buy from a company led by a CEO who speaks out on an issue they agree with
- 42%** are more favorable of CEOs who take public positions on issues. 20% are less favorable
- 37%** would be more favorable of a CEO who took a public position on an issue even if that issue is not directly related to the company's business. 26% would be less favorable
- 44%** of those who are employed full-time would be more loyal to their organization if the CEO took a public position on an issue. 19% would be less loyal
- 36%** think CEOs take public positions on hotly debated current issues to get attention in the media (their top perceived reason). 21% say CEOs speak out to build the company's reputation (their #2 perceived reason)

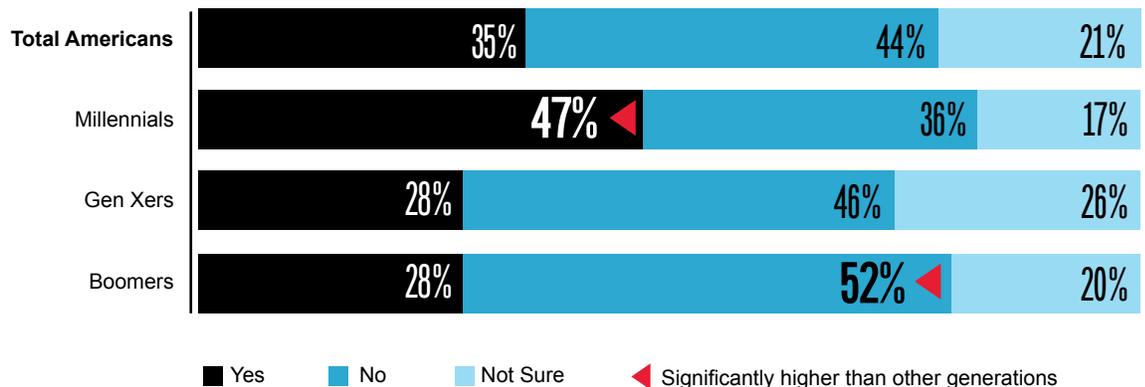
ARE CEOs RESPONSIBLE FOR SPEAKING OUT?



One-third of Americans (35%) believe CEOs have a responsibility to speak up about issues that are important to society. This figure is comparable to the 38% who agreed in 2016 that CEOs had a responsibility to speak out on contentious issues affecting the world we live in. The remainder disagree with CEOs taking a position (44%) or are unsure (21%).

Generationally, support for CEO activism surges among the youngest adult generation. Nearly half of Millennials (47%) share this belief, compared to only 28% of Gen Xers and 28% of Boomers. Gen Xers and Boomers are more inclined to say CEOs don't have a responsibility, and a sizable number of Gen Xers (26%) are not sure. For Gen Xers and Boomers, activism is not part of the CEO's job description.

CEOs HAVE RESPONSIBILITY TO SPEAK UP ABOUT ISSUES THAT ARE IMPORTANT TO SOCIETY





You've been more outspoken on social issues than any other CEO of a company your size. Do you think CEOs have a responsibility to publicly take on such issues as civil rights and climate change?

I think everybody has to make their own decision about it. Maybe there are compelling reasons why some people want to be silent. I think for us, though — for a company that's all about empowering people through our products, and being a collection of people whose goal in life is to change the world for the better — it doesn't sit right with me that you have that kind of focus, but you're not making sure your carbon footprint isn't poisoning the place. Or that you're not evangelizing moving human rights forward.

I THINK EVERY GENERATION HAS THE RESPONSIBILITY TO ENLARGE THE MEANING OF HUMAN RIGHTS.

I do view that a CEO today of Apple should participate in the national discussion on these type of issues.

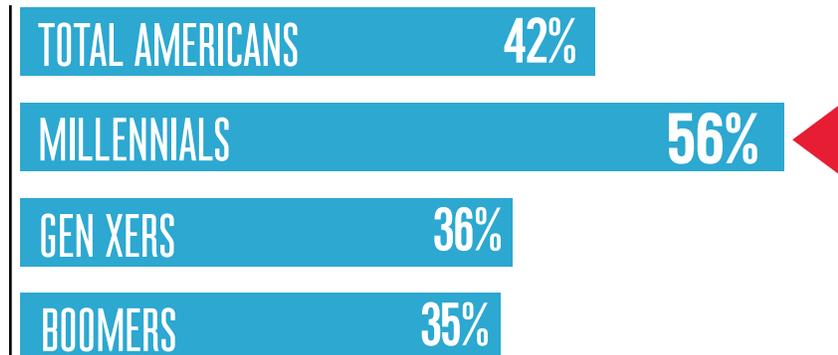


TIM COOK, CEO, APPLE

in an interview with *The Washington Post*⁷

Not only are Millennials the generation most likely to see CEO activism as a duty, they also think this responsibility is increasing. Nearly six in 10 Millennials (56%) believe CEOs have a greater obligation for speaking out on issues than they used to. Many Gen Xers and Boomers also see an increase in responsibility. Approximately one-third of Gen Xers (36%) and Boomers (35%) believe CEOs now have a greater responsibility to speak out.

CEOs AND OTHER BUSINESS LEADERS HAVE GREATER RESPONSIBILITY TODAY FOR SPEAKING OUT ON HOTLY DEBATED CURRENT ISSUES THAN THEY USED TO (% AGREE)



◀ Significantly higher than other generations

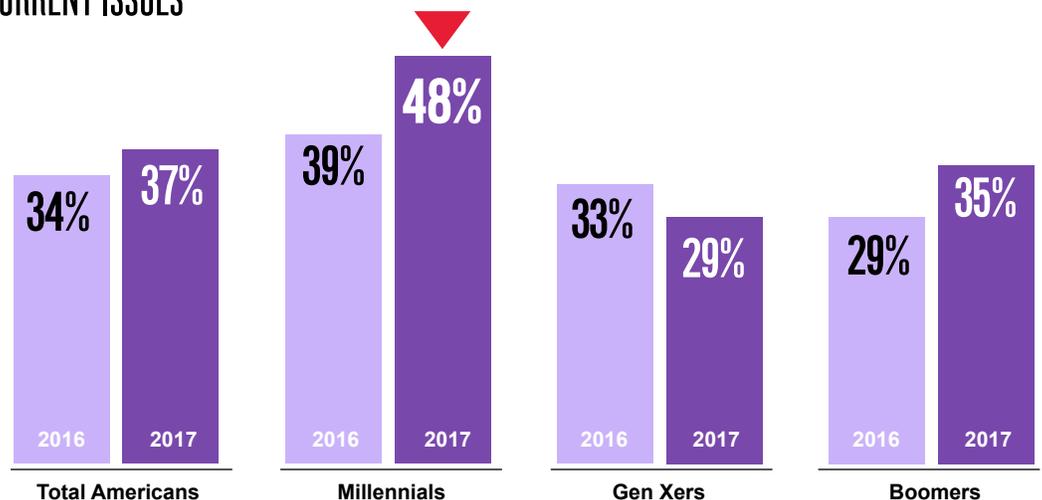
While some Americans think CEOs have a responsibility to take a position, this does not mean CEOs need to be the first to comment on a societal issue. Only three in 10 Americans (29%) agree it's important for a CEO to be among the first to speak out on hotly debated current issues. This rate climbs for Millennials (43%) and falls for Gen Xers (25%) and Boomers (20%). This suggests CEOs can take time to carefully vet their positions and thoughtfully develop a plan for speaking out before doing so.

⁷ "Tim Cook, the Interview: Running Apple 'Is Sort of a Lonely Job,'" *The Washington Post*, August 13, 2016.

MILLENNIALS' AWARENESS OF CEO ACTIVISM ON THE RISE

Considering their greater support for CEO activism, it is not surprising that Millennials are the generation most aware of CEO activism. Nearly half (48%) say they have heard or read about CEOs taking public positions on hotly debated current issues, a rate that is significantly higher than that of Gen Xers (29%) and Boomers (35%). Millennials are even more likely to be aware of CEO activism than they were one year ago (39%), which is a 23% increase. This form of activism appears to have captivated Millennials' attention.

HAVE HEARD OR READ ABOUT CEOs TAKING PUBLIC POSITIONS ON HOTLY DEBATED CURRENT ISSUES



▼ Significantly higher than other generations

“WHEN CERTAIN ISSUES IMPACT OUR PEOPLE, WE HAVE NOT HESITATED TO SPEAK UP ON THEIR BEHALF.”

In the past, we have commented on marriage equality, and more recently, immigration policy, because they both affect our ability to hire and retain people from the broadest pool of talent. We will continue to express our views on policies that affect our people, our business and the long-term interests of economic growth.



LLOYD C. BLANKFEIN, CHAIRMAN AND CEO, GOLDMAN SACHS
in a letter to shareholders.⁸

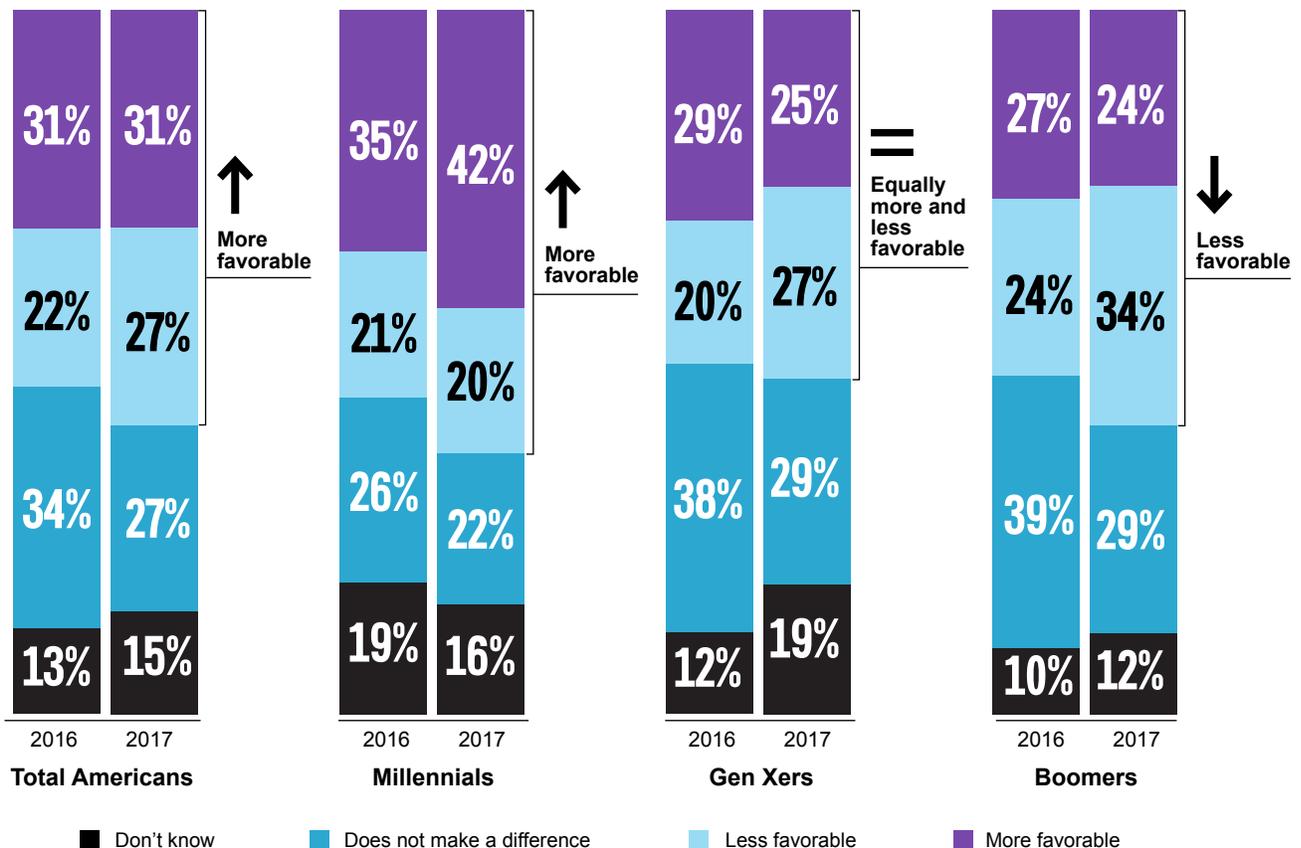
⁸Annual Report 2016, Goldman Sachs.

MILLENNIALS MORE FAVORABLE OF CEO ACTIVISM

Not only do one in two Millennials think that CEOs have a responsibility to speak up on societal issues and are aware when they do so, but favorability toward CEO activism runs high among this sought-after demographic. Four in 10 Millennials (42%) say they generally have a more favorable opinion of CEOs who take public positions. They are twice as likely to report increased favorability as they are to report decreased favorability (20%). This positive sentiment has even risen over the past year. In 2016, one-third of Millennials (35%) said they were more favorable.

In contrast, Gen Xers and Boomers are less approving than Millennials of CEO activism, and they are also less favorable than they were one year ago. Nearly three in 10 Gen Xers (27%) and one-third of Boomers (34%) say they are less favorable of CEOs who take public positions, up from 20% and 24%, respectively, in 2016. Boomers are especially hesitant about CEO activism, and their favorability is more negative than positive. Gen Xers are the generation whose opinions are not as affected by CEO activism. About half say CEOs taking public positions either doesn't affect their favorability (29%) or they are not sure (19%).

FAVORABILITY OF CEOs TAKING PUBLIC POSITIONS ON HOTLY DEBATED CURRENT ISSUES IN GENERAL

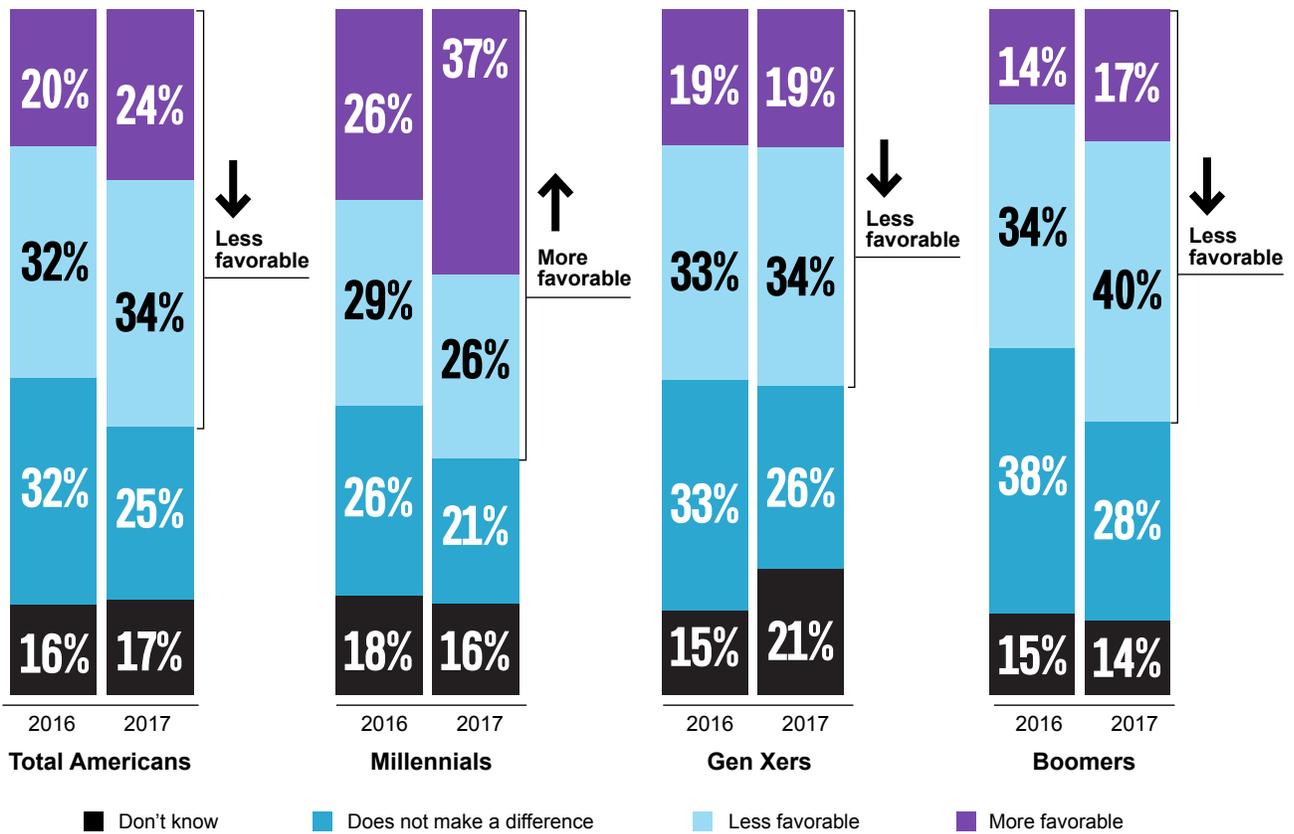


Traditionally, CEOs have been expected to convince investors and other stakeholders why a particular decision is good for the bottom line. Recently, we have seen a segment of CEOs commenting on issues not directly typically tied to their company's bottom line or core business but perhaps reflecting their points of view on issues such as LGBT rights, climate change, gun control, racial discrimination or immigration policies. Compared to the average American, making the "business case" is not as great a concern to Millennials as it is to others. Nearly four in 10 Millennials (37%) say they are more favorable of CEOs who take a position on an issue that is not necessarily tied directly to the company's core business. More favorable even outweighs less favorable (26%). Enthusiasm among this generation has increased since 2016 when only a quarter of Millennials (26%) said they were more favorable. Surprisingly, Millennials are

almost as supportive of a CEO taking a position on an issue unrelated to the company business as they are of CEOs taking positions in general, as discussed above. For Millennials, admiration for CEO activism does not necessarily need to be tied to the bottom line.

A more explicit business case, however, may be needed to appeal to Gen Xers and Boomers. When CEOs take positions on issues unrelated to their fundamental business, Gen Xers and Boomers are less favorable than Millennials. Only 19% of Gen Xers and 17% of Boomers say they would be more favorable of these CEOs. Gen Xers are nearly twice as likely to be less favorable than more favorable, and Boomers are more than twice as likely to be less favorable.

FAVORABILITY OF CEOs TAKING PUBLIC POSITIONS ON HOTLY DEBATED CURRENT ISSUES NOT DIRECTLY RELATED TO THE COMPANY'S BUSINESS



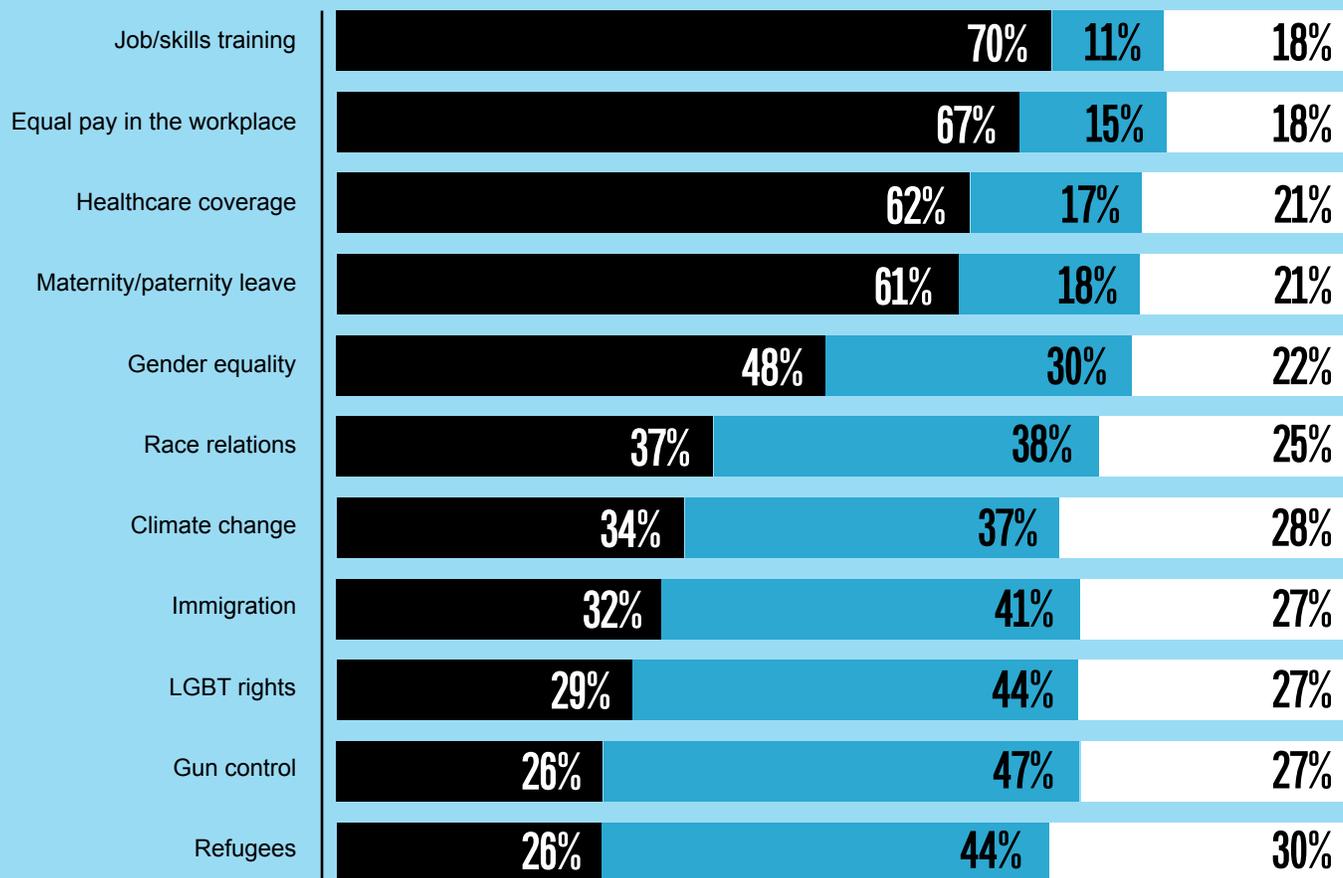


ISSUES CEOs SHOULD SPEAK OUT ON

Not every topic is ripe for CEO activism. Americans overall are most likely to say CEOs and business leaders should express opinions on job and skills training (70%), equal pay (67%), healthcare coverage (62%) and maternity or paternity leave (61%). These subjects are clearly business related, and as we saw in the 2016 U.S. presidential election, job security is paramount to many.

Americans are more divided on gender equality, with 48% saying leaders should publicly address this issue, while other issues — those that are arguably politically charged — are not deemed by the average American as public-platform issues: race relations (37%), climate change (34%), immigration (32%), LGBT rights (29%), gun control (26%) and refugees (26%). It may be harder for executives to make a business case for expressing opinions on these topics. As we continue to track CEO activism, we will be able to more clearly measure whether Americans believe that some hotly debated issues are more acceptable or not.

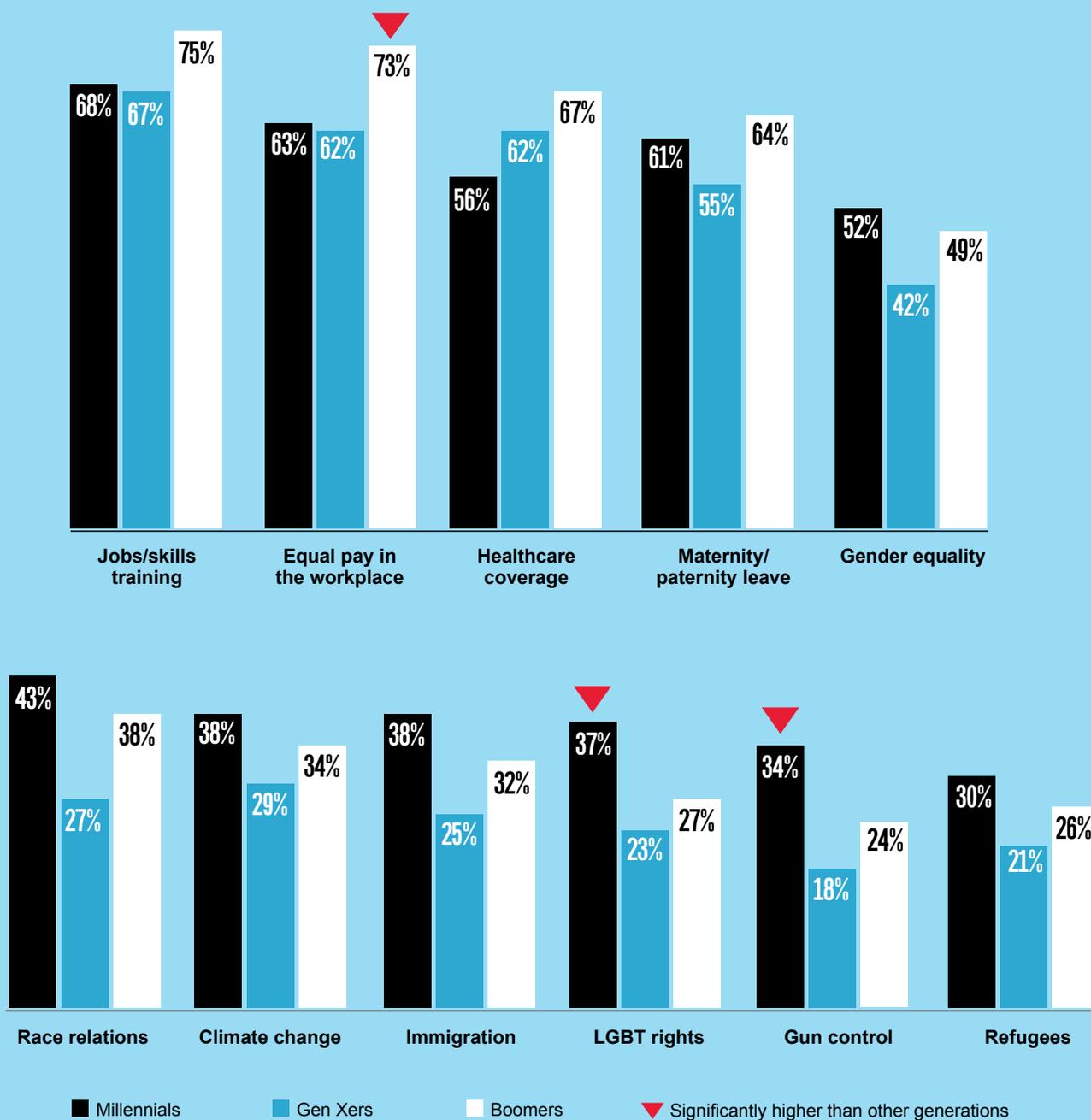
ISSUES CEOs AND OTHER BUSINESS LEADERS SHOULD EXPRESS THEIR OPINION ON (% TOTAL AMERICANS)



CEOs/business leaders should express an opinion
 CEOs/business leaders should NOT express an opinion
 Not sure

For each generation, job/skills training and equal pay are the top two issues acceptable for CEOs to speak out on (for Gen Xers, healthcare coverage is also ranked second). Millennials are significantly more likely than Gen Xers and Boomers to say CEOs should speak out on LGBT rights and gun control. Boomers are significantly more likely to say CEOs should speak out on equal pay. While results are consistent across region (Northeast, South, Midwest, West), there are political differences. Democrats and Democratic-leaning Americans are more likely than Republican and Republican-leaning Americans to say CEOs should express an opinion on every topic except job/skills training (they rate this issue similarly).

ISSUES CEOs AND OTHER BUSINESS LEADERS SHOULD EXPRESS AN OPINION ON (BY GENERATION)

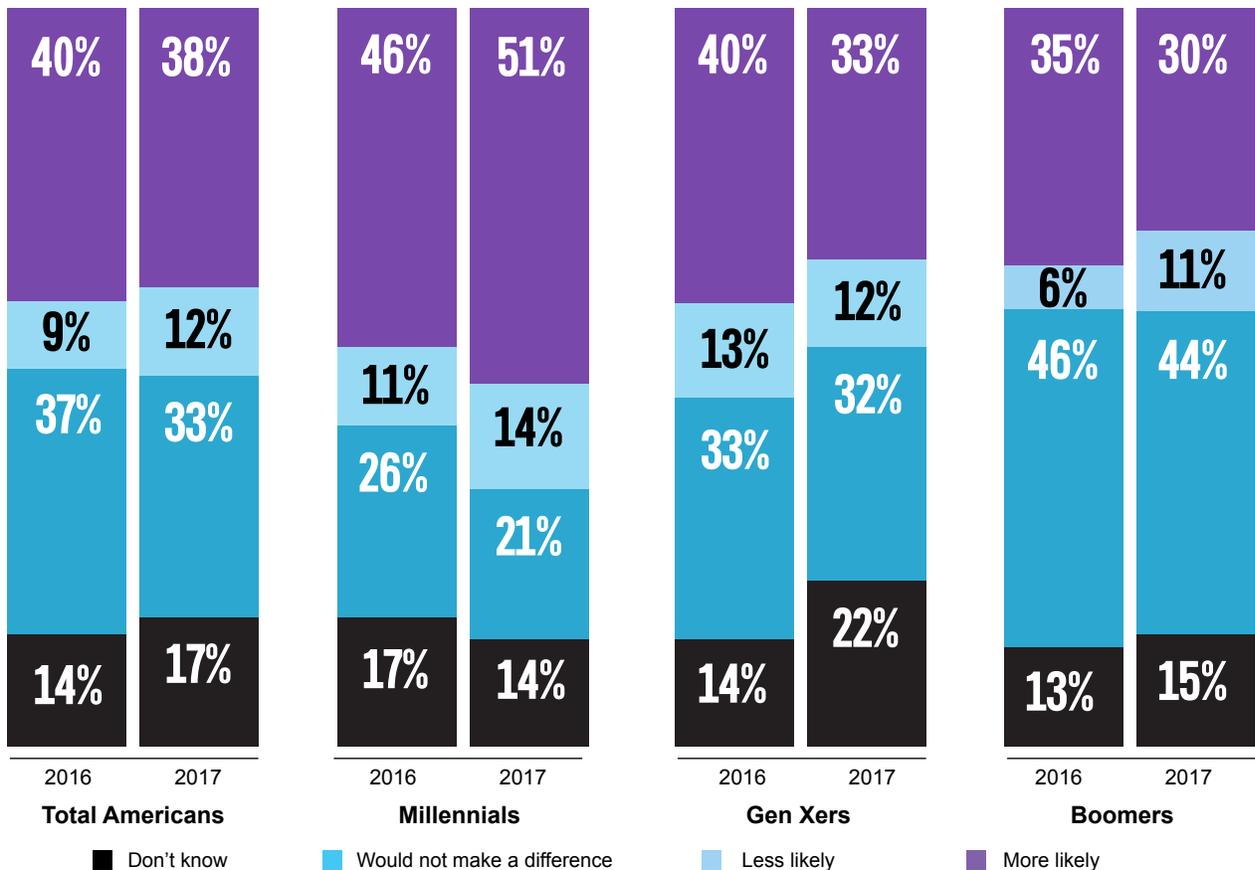


MILLENNIALS' PURCHASE INTENT INCREASINGLY INFLUENCED BY CEO ACTIVISM

CEO activism has the potential to positively affect Millennials' purchase decisions. Half of Millennials (51%) say they would be more likely to buy from a company led by a CEO who speaks out on an issue they agree with. This rate has slightly increased since 2016 (46%). CEO activism is a new motivator in the purchase consideration set.



LIKELIHOOD OF BUYING FROM COMPANY WHEN AGREE WITH CEO WHO SPEAKS OUT ON HOTLY DEBATED CURRENT ISSUES



By comparison, CEO activism is less likely to have an effect on the purchase decisions of Gen Xers and Boomers. Approximately one-third of each generation (33% of Gen Xers and 30% of Boomers) say they would be more likely to buy from a company when they agree with the CEO, which is a small decline for both generations since 2016. One-third of Gen Xers (32%) and over four in 10 Boomers (44%) say it would not make a difference on their likelihood of buying.

CEO activism can positively impact many Millennials' purchase decisions even when they disagree with the CEO. Nearly one-third of Millennials (29%) say they'd be more likely to buy from a company whose CEO they disagree with, up from 19% in 2016. It is important to note that not all Millennials are going to buy more if they disagree with a company's position. However, there is a group of Millennials that is so supportive of CEO activism that they'll buy more regardless of which side the company is on. And this willingness appears to be on the rise.

When Gen Xers and Boomers disagree with a CEO's position, chances are low that they'll buy even more from that company. Approximately half of each generation (47% Gen Xers and 51% of Boomers) are less likely to buy from the company if they disagree.



Why not just sell coffee?

One of the reasons people come to work at Starbucks is because we stand for something. It's about human connection and having a sense of humanity. We think that's part of what makes Starbucks a special place that both partners and customers want to be associated with.

AND, I THINK THERE SHOULD BE MORE PUBLICLY TRADED COMPANIES THAT ALSO THINK ABOUT NOT ONLY CREATING SHAREHOLDER VALUE BUT HOW TO CONTRIBUTE IN A POSITIVE WAY TO SOCIETY.



KEVIN JOHNSON, CEO, STARBUCKS

in an interview with *The Wall Street Journal*⁹

⁹ "New Starbucks CEO Sees Growth in Suburbs, Midwest and Lunch," *The Wall Street Journal*, April 3, 2017.

MILLENNIALS TAKE ACTION IN SUPPORT OF CEO ACTIVISM

Two-thirds of those who are aware of CEO activism (66%), or 24% of all Americans, have taken some action, positive or negative, based on a CEO's stance on an issue. The average American who's aware is most likely to "boycott" a company over a CEO's stance on a contentious issue (28%).

ACTIONS TAKEN BY CONSUMERS BASED UPON A CEO'S STANCE ON HOTLY DEBATED CURRENT ISSUES (% AMONG THOSE AWARE OF CEO ACTIVISM)

	TOTAL	MILLENNIALS	GEN XERS	BOOMERS
Any action (net)	66%	74%	63%	55%
Decided not to buy from or boycotted the company	28%	17%	34% (#1)	39% (#1)
Talked about the CEO's stance with friends/family	25%	26% (#1)	26% (#2)	24% (#2)
Decided to buy more from the company	18%	21% (#3)	19% (#3)	12% (#3)
Talked about the CEO's stance with coworkers	13%	23% (#2)	10%	04%
Signed a petition addressed to the CEO or company	13%	17%	08%	11%
Posted negatively about the CEO or company on social media	12%	17%	09%	07%
Posted positively about the company on social media	09%	13%	10%	04%
Joined a protest against the CEO or company	09%	14%	09%	03%
Contacted the company to share opinion	09%	15%	08%	02%
Made a decision to buy that company's stock	08%	14%	05%	02%

Bold red denotes significantly higher than other generations

Millennials are most likely to report having “taking action” because of a CEO’s stance on an issue. Three-quarters of Millennials who have seen or heard of CEOs taking positions (74%) say they have taken action compared to Gen Xers (63%) and Boomers (55%). The most common actions taken by Millennials are talking about the CEO’s stance with friends or family (26%), talking about it with coworkers (23%) and buying more from the company (21%). Gen Xers and Boomers are significantly more likely to have decided to not buy from or boycotted a company, an activity that reflects their relative displeasure with CEO activism. It is interesting to note that discussing CEO activism at work is a top action for Millennials.



“ CEOs are expected to make a strong business case for any environmental or social issues they speak up about or which they commit time and resources to. This research tells us that Millennials, more so than older generations, will also be vigilant when it comes to CEOs being held accountable for defending corporate values and conduct.

Paul Massey, President, Powell Tate and Global Lead, Social Impact, Weber Shandwick

CEOs should be cautious of the fact that taking a stance comes with risks as well as rewards. Because of CEOs’ stances, consumers are not standing idly by. Backers of Hate, for example, profiles nine CEOs with ties to the presidential administration and allows people to send messages directly to those CEOs. 2nd Vote bills itself as The Conservative Watchdog for Corporate Activism, scoring companies based on how liberal or conservative they are in the issues they support. If consumer perspectives aren’t in line with a CEO’s stance, they may not stay quiet, and they have numerous resources to make their voices heard.

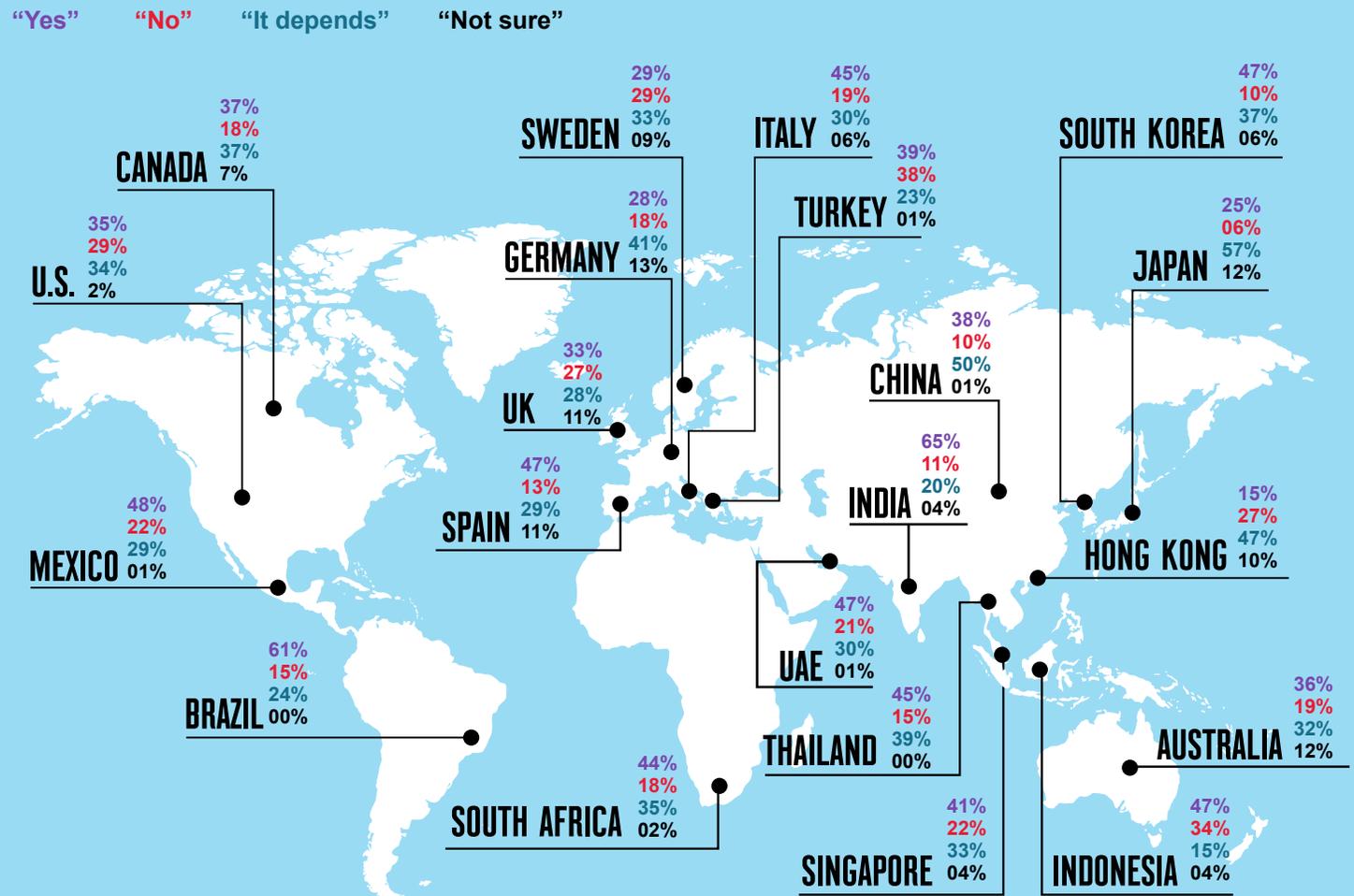
A GLOBAL PERSPECTIVE ON CORPORATE ACTIVISM

While *CEO Activism in 2017* only surveyed American consumers, Weber Shandwick and KRC Research previously investigated corporate activism in global research in 2016. In *The Company behind the Brand II: In Goodness We Trust*, we asked consumers from 21 markets around the world if they think companies should express an opinion or take actions on issues that may be controversial, such as race, gender, immigration or the environment.¹⁰

Globally, consumers are twice as likely to believe that companies should express their opinions or take actions

on controversial issues than not (41% vs. 20%), although one-third say that it depends but attitudes differ around the world. In this study, 35% of U.S. consumers said companies should express an opinion or take action, a figure slightly below average worldwide. Indian (65%) and Brazilian (61%) consumers are most likely to say that companies should stand up on controversial issues. Turkish (38%) and Indonesian (34%) consumers are most likely to say CEOs should not stand up. Chinese (50%) and Japanese (57%) consumers are the most likely to believe that the decision to stand up depends on the situation.

COMPANIES SHOULD EXPRESS AN OPINION OR TAKE ACTION ON ISSUES THAT MAY BE CONTROVERSIAL, SUCH AS RACE, GENDER, IMMIGRATION OR THE ENVIRONMENT (% CONSUMERS)



¹⁰ *The Company behind the Brand II: In Goodness We Trust*, Weber Shandwick & KRC Research, 2017.

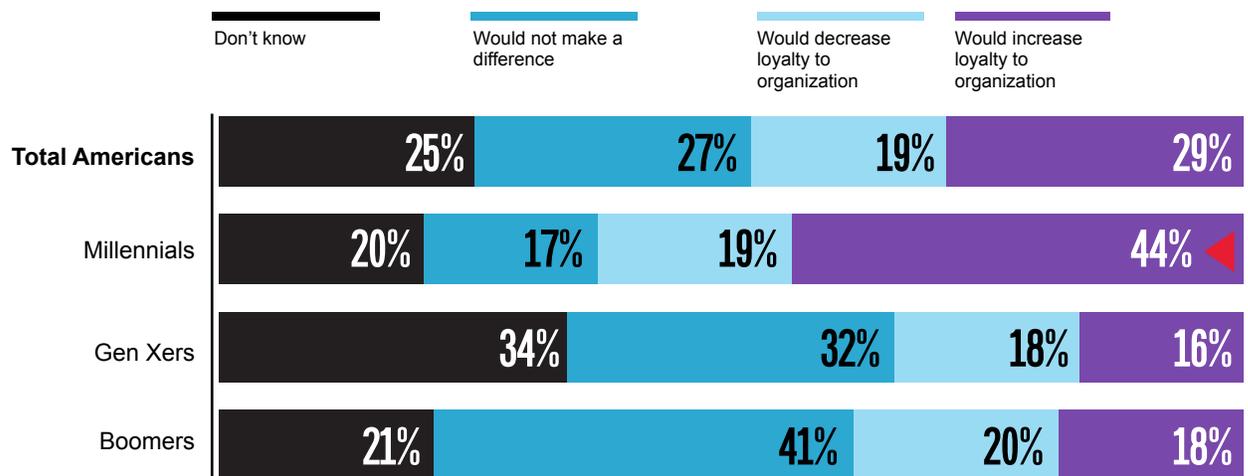
MILLENNIAL EMPLOYEES MOST LOYAL TO CEO ACTIVIST BOSSES

In deciding whether to speak out, it is imperative today to consider the effect of CEO activism on attracting and retaining talent. It is a mixed bag for Americans overall. Three in 10 full-time employees (29%) say they would be more loyal to their employer if the CEO spoke out but two in 10 (19%) say their loyalty would decline. More than half take a neutral position (52%), reporting that either it wouldn't make a difference or they just don't know.

For Millennials, loyalty far outweighs disloyalty. More than four in 10 full-time employed Millennials (44%) say they would be more loyal to their organization if their own CEO took a public position on a hotly debated current issue. While there is some risk to consider for this generation – 19% say they would be less loyal if their CEO spoke out – loyalty outweighs disloyalty by more than twice as much.

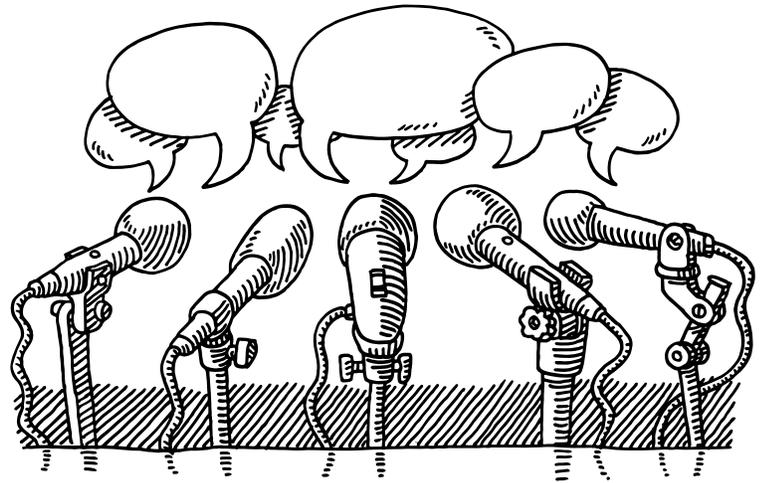
For Gen Xers and Boomers, the scales tip toward disloyalty. Only 16% of Gen Xers and 18% of Boomers would be more loyal if their own CEO spoke out, compared to two in 10 members of each generation who would be less loyal. A substantial number of Gen Xers (34%) aren't sure how their loyalty would change. Before taking a stand on an issue, it is important to address the perspectives and concerns of this segment of the workforce to better understand what would shift some employees toward more positive perceptions of their companies and make the undecided employees more favorable of CEO activism.

LOYALTY TOWARD OWN ORGANIZATION IF CEO TOOK PUBLIC POSITION ON HOTLY DEBATED CURRENT ISSUES (% AMONG FULL-TIME EMPLOYEES)



◀ Significantly higher than other generations

MOTIVATIONS BEHIND CEO ACTIVISM TIED TO SELF-INTEREST AND ARE UNCLEAR



One-third of all Americans (34%) believe the reason CEOs take public positions on hotly debated issues is to get media attention, which is the top reason across each generation. Increased media attention was also the top perceived reason for CEO activism in our 2016 survey. The public may cite this as a CEO's motivation because of their exposure to CEO activism in the media and the anti-business sentiment that exists today. Media attention, of course, may not necessarily be a total negative since activist CEOs are attempting to bring attention to an issue that they wish to influence and about which they feel passionately. But still, approximately two-thirds of each generation aware of CEO activism agrees that there is too much focus in the media on CEOs speaking out on hotly debated current issues (66% of Millennials, 70% of Gen Xers and 63% of Boomers).

Millennials are significantly more likely than their older cohorts to view company reputation-building as an impetus for CEO activism. This aligns with the overall increased favorability for CEOs to step in to address issues.

Where the generations greatly differ is their confusion over why CEOs take positions in the first place. Millennials are most likely to assign a reason for why CEOs might speak out on an issue. A fairly large proportion of Gen Xers (24%) and Boomers (21%), however, are not entirely sure why CEOs might take public positions and rank "don't know" as their second and third reasons, respectively, while only 13% of Millennials are unsure. It is therefore important for CEOs to be clear about why they're taking a position, especially to ensure their messages resonate with older consumers if they are among their customer and employee base.

REASONS CEOs TAKE PUBLIC POSITIONS ON HOTLY DEBATED CURRENT ISSUES

	TOTAL	MILLENNIALS	GEN XERS	BOOMERS
To get attention in the media	34%	36% (#1)	34% (#1)	34% (#1)
To respond to external pressure (e.g., media, competitors, customers, investors)	21%	19%	20% (#3)	24% (#2)
To leverage/exert their influence	20%	19%	19%	21%
To sell more products or services	19%	22% (#2)	20% (#3)	17%
To be open and honest about how they personally feel about an issue	18%	18%	16%	20%
To be open and honest about how the issue aligns with their company's values	18%	21% (#3)	18%	15%
To build the CEO's personal reputation	18%	18%	17%	17%
To build the company's reputation	16%	21% (#3)	14%	13%
To do what is right for society	16%	18%	12%	15%
To influence the government	15%	13%	16%	14%
To respond to internal pressure (e.g., employees, management, board)	13%	12%	15%	13%
To attract more investment	13%	16%	11%	12%
To avoid having people boycott the company	11%	11%	12%	11%
To speak up on behalf of the company's customers	10%	13%	07%	09%
To speak up on behalf of the company's employees	9%	13%	07%	06%
To attract and retain the best employees	8%	12%	05%	06%
Don't know	19%	13%	24% (#2)	21% (#3)

Bold red denotes significantly higher than other generations

It is important to note that among total Americans, more noble reasons such as doing what is right for society (16%) and speaking up on behalf of customers (10%) and employees (9%) fall to the bottom of the list. If CEOs intend to speak out on behalf of others, this intention is not fully getting through to the public. The way in which a CEO speaks out may help make intentions more clear. In Weber Shandwick’s analysis of the 153 companies that spoke out against President Trump’s immigration ban, we found that 37% of responses were in the form of employee memos and they were one of the top ways messages were delivered. In these cases, companies and their CEOs made it emphatically clear that employees were their prime concern.

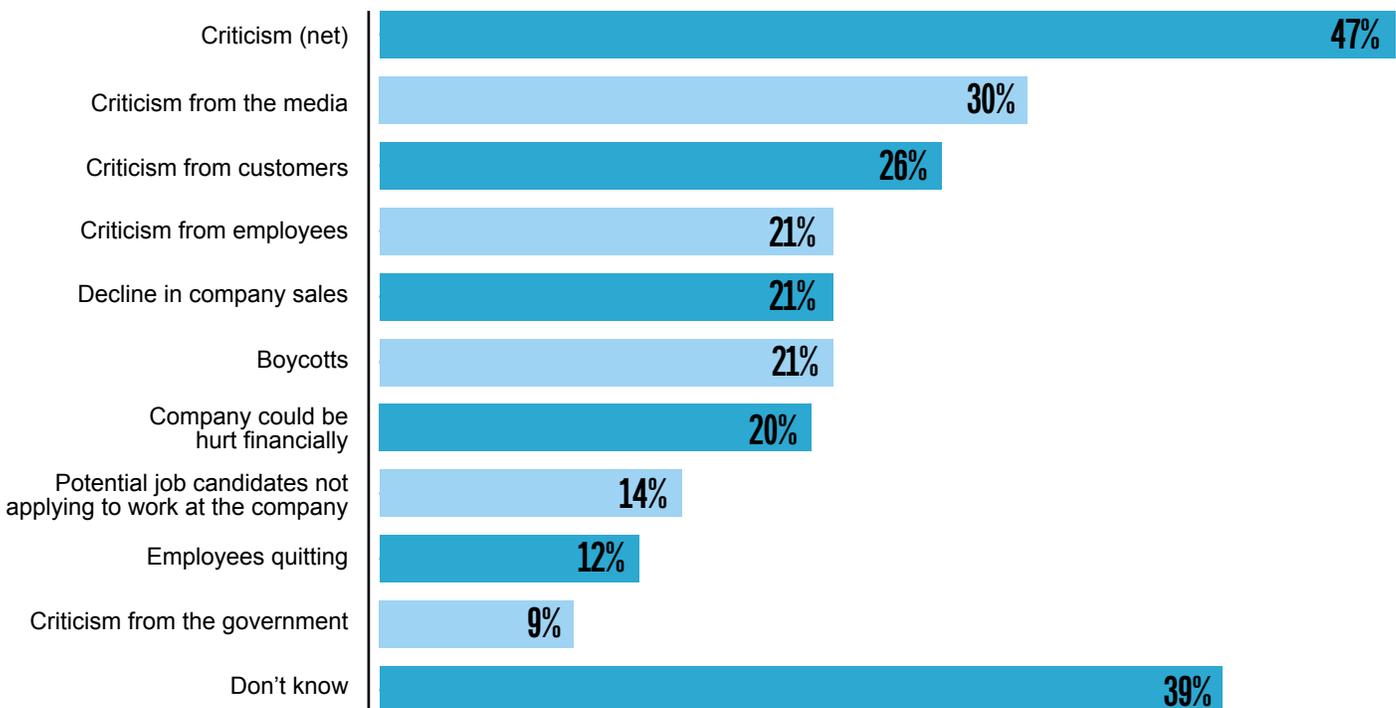
The biggest perceived risk of CEOs not speaking out on hotly debated current issues is disapproval. Half of Americans (47%) believe the biggest risk of a CEO not speaking out on a hotly debated current issue is some form of criticism, either from the media (30%), customers (26%), employees (21%), or least of all, the government (9%). Four in 10 Americans (39%) aren’t sure what the risks are. Top perceived risks are consistent by generation. However, Americans are fairly confident that media coverage can be a threat to reputation when standing on the sidelines.

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This Weber Shandwick report illustrates how CEO activism can have different effects, depending on the audience. CEOs and their companies need to be aware of how political, geographic and generational differences determine who hears their message and how they will react.

Aaron K. Chatterji
 Associate Professor
 Fuqua School of Business
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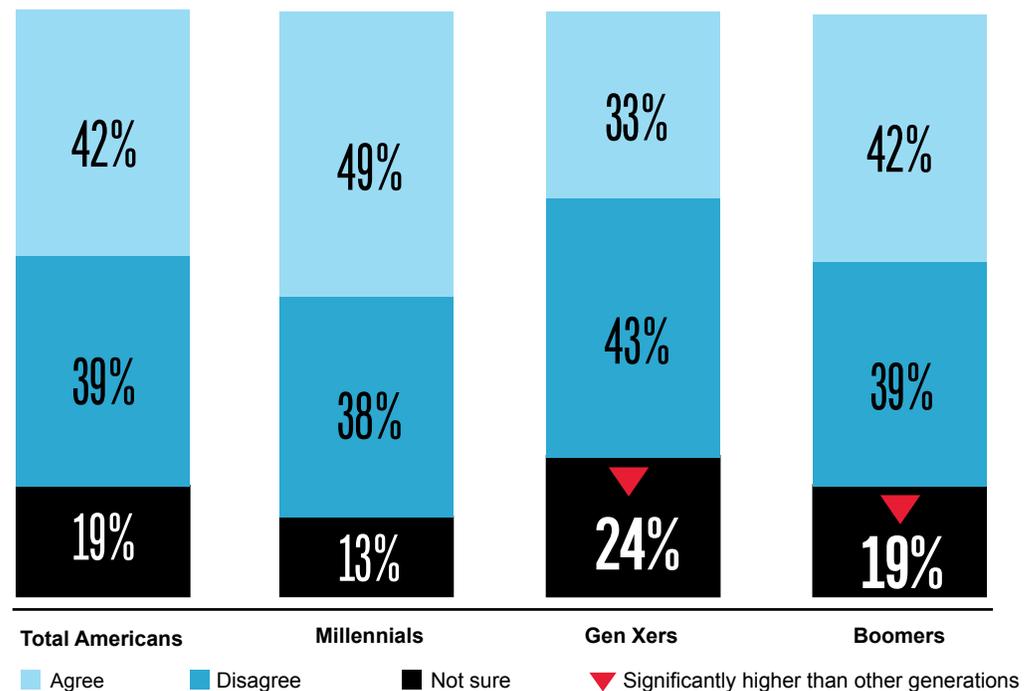
RISK OF CEOs NOT SPEAKING OUT ON HOTLY DEBATED CURRENT ISSUES (% TOTAL AMERICANS)



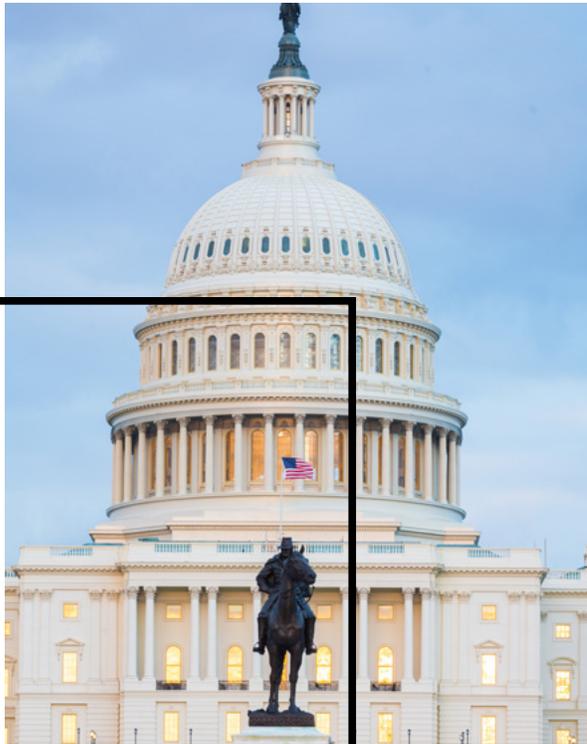
MILLENNIALS PERCEIVE CLOSEST LINK BETWEEN BUSINESS AND GOVERNMENT

After witnessing many CEOs commenting on the 2016 presidential election and subsequent policies, we wanted to gauge Americans' attitudes toward CEOs' involvement with the government. Millennials are the generation most likely to identify the need for a relationship between business and government. Half of Millennials (49%) agree that CEOs have a responsibility to meet with government officials to share their opinions on issues that are important to society. Boomers are not far behind (42%), but only one-third of Gen Xers (33%) agree that CEOs have a responsibility to meet with government officials.

CEOs HAVE A RESPONSIBILITY TO MEET WITH GOVERNMENT OFFICIALS TO SHARE THEIR OPINIONS ON ISSUES THAT ARE IMPORTANT TO SOCIETY



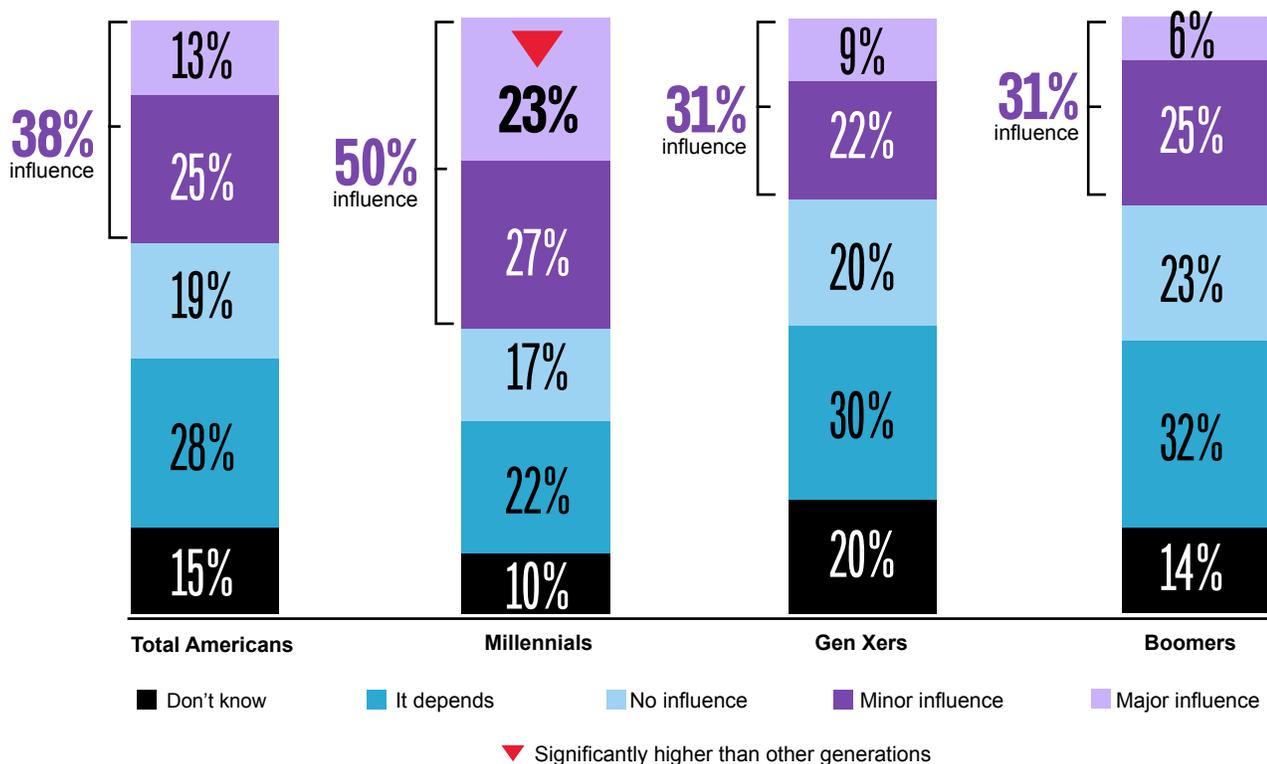
There is a rationale behind Millennials' belief that business should share their opinions on societal issues with government. Half of Millennials (50%) think that CEO activism has an influence on the government, with 23% citing a major influence. One-third of Gen Xers (31%) and Boomers (31%) agree.



Millennials, more than other generations, expect CEOs to champion their values and influence government policies on their behalf. Due to their early schooling in social media, their belief in creating social movements naturally extends beyond their networks into government circles.

Micho Spring, Global Corporate Practice Chair, Weber Shandwick

INFLUENCE ON GOVERNMENT OF CEOs SPEAKING OUT ON HOTLY DEBATED CURRENT ISSUES



A GUIDE TO CEO ACTIVISM



CEOs speaking out on hotly debated current issues comes with both risks and rewards. *CEO Activism in 2017: High Noon in the C-Suite* found that while overall attitudes toward CEO activism have not changed over the past year, there is a clear generational divide over how consumers perceive business leaders taking public positions. Millennials are most favorable while Gen Xers and Boomers have greater reservations. Therefore, Weber Shandwick recommends CEOs and their companies consider the following guidelines when approaching activism:

- 1. Recognize the prevalence of CEO activism and Millennials' expectation of it from leaders.** As the past year has demonstrated, CEO activism is no longer an emerging trend. Although not pervasive, it is not uncommon to see chief executives speaking for or against important societal issues. A segment of Americans believes CEOs have a responsibility to speak out, and this is an increasingly strong sentiment among Millennials. Many believe activism comes with the chief executive title.
- 2. Establish a link between the issue and the company's values and business.** For a CEO's activism to enjoy credibility and rally support, it is important to over-articulate how this issue is related to the company's mission and values. Consumers don't think CEOs should express an opinion on every single societal issue and some issues are safer than others. For those topics with less consumer support, it is imperative to establish a strong business case.
- 3. Acknowledge the slippery generational slope.** Millennials are most favorable of CEO activism and are most likely to positively alter their buying behavior because of it. However, this support declines with age. It is important for companies to get a better grasp on these older generations' perspectives before taking a stance, especially if they comprise a large segment of their workforce or customer base for now. Making a business case for speaking out is especially important for Gen Xers and Boomers.

4. Ensure market intelligence is up-to-date. Taking a public position on a hot-button issue may not be fully understood or endorsed by all stakeholders, such as investors, customers, alumni, suppliers, political party members, etc. A vulnerability audit and polling among key stakeholders is highly recommended.

5. Strongly consider employees and prospects. Assess how employees will be impacted by the CEO's stance and gauge their support. If some employees disagree with the CEO's position, will they feel excluded, less productive, less loyal? Make sure there is a plan for employees who might want to opt out of aligning with the CEO's position. On the positive side, consider that potential employees may be drawn in by a CEO who takes a stand. Millennials in particular would be more loyal if their own CEO took a public position, and this is something they might consider in a job search or heighten their interest in making a career move.

6. Discuss the pros and cons with the board. Boards do not like surprises. Moreover, once a CEO speaks out on an issue, expect that the assumption will be made that the board agrees. In addition, anticipate that management will be solicited repeatedly for similar or different hot-button issues and activism will become a regular boardroom topic.

7. Estimate the price of silence. Now that the CEO activism movement has gained momentum, there may be some risk in being among the executives who do not take a stand. Consumers think the biggest risk of CEOs not speaking out is criticism from a variety of stakeholders as well as boycotts and decline in sales. CEOs also may see increasing pressure from employees to speak out. Take Oracle, for example, where employees started a petition for the company to sign on to the amicus brief opposing President Trump's executive order on immigration.

CEOs who don't speak up may find themselves at the center of media speculation. In the wake of President Trump's withdrawal from the Paris Accord in June 2017, the *New York Times* ran an op-ed identifying CEOs who did not challenge the pull-out although had previously supported climate change action.¹¹ According to the article, "executives who disagree with [Trump] ought to stand up for what they believe. Otherwise, they are lending their own credibility and implicit support, and that of their companies, to his environmentally, diplomatically, and economically self-defeating position."

8. Don't race. Plan before you speak. Only a minority of Americans think it is important for a CEO to be among the first to take a stance. CEOs have time to plan what they want to say and how they want to say it.

¹¹ "Why are These CEOs Still Standing With Trump on Climate?," *The New York Times*, June 2, 2017.

9.

Fully commit time and resources. Big issues require long-term, bold and focused dedication. Expect CEO activism to take up valuable executive time, a CEO's most competitive asset. Expect it to come with a price tag.

10.

Look in the mirror. Make sure there are no skeletons in the closet related to the issue that the CEO is speaking up about. If your company needs to make improvements, say so before your critics do.

11.

Find partners to gather momentum and keep channels open. Consider engaging other business leaders or experts in the cause. In the aftermath of President Trump's executive order on immigration, our research found that 13% of corporate responses made in reaction to the travel ban were in the form of a joint open letter and 38% came from joint legal filings. There is strength in numbers.

12.

Involve the Government Relations or Public Affairs departments. *CEO Activism in 2017* finds that Millennials identify the need for a relationship between business and government. Decisions if and how to speak out should involve those who consider the government a stakeholder.

13.

Consider the channels, messages and tone of voice used. Ensure that the reasons behind the CEO's public stance are clearly and transparently articulated and voiced over time, not just one time when the issue first appears in the news. It can never be communicated often enough. Test out where customers will be listening and use a human voice.

14.

Have a crisis preparedness plan for a potential social media firestorm. Social media and the 24/7 news cycle require companies to operate at lightning speed. Media inquiries, Facebook and Twitter activity, flash social protests, employee questions, and NGO backlash are all but guaranteed when CEOs bump up against politically charged issues. Weber Shandwick has noticed in its research the power of online advocacy groups, such as Grabyourwallet.com, Color of Change, Sleeping Giants and 2nd Vote. CEOs should expect that their social media teams will become quickly overloaded and will need support.

15.

Develop a thick skin. Expect the pitchforks to come out. As much as there will be genuine support and admiration for a CEO's activism, the criticism can be stinging as well. Learning how to not flinch will be critical. In addition, expect the possibility of boycotts as more people become mobilized and issues become more politicized.

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