



The Influencers: A Tragedy

The boom of digital influencer marketing is headed toward a predictably bad end, says Brunswick's Marshall Manson.

IN 1833, OXFORD ECONOMIST William Forster Lloyd first explored the idea of the “Tragedy of the Commons.” Lloyd used the cattle of England to illustrate the concept.

Cows grazed on private land tended to be healthy and well cared for. Cows grazed on shared land—held “in common” in the parlance of English property lawyers—were “puny and stunted.” So he wondered, “Why is the common itself so bare-worn, and cropped so differently from the adjoining enclosures?”

The answer is simple: When it comes to common assets or shared opportunities, it’s in everyone’s individual interest to take as much as possible from the common and minimize the amount of time and resource they invest in maintaining it.

Communications and marketing professionals face their own tragedy of the commons, and the outcome depends on our ability to exercise a collective integrity across a range of individual and institutional actors, many of whom are exceedingly hard to corral.

THE ISSUE IS DIGITAL INFLUENCE.

Working with influencers is in vogue at the moment, across all sorts of businesses, consumer-facing and B2B.

In the last few years, we have seen digital influencer engagement programs to further objectives in obvious areas like corporate reputation and marketing as well as less straightforward situations like litigation communications. Indeed, 93 percent of marketers say that they are using influencer marketing and 84 percent believe it to be effective.

The problem, however, is a classic tragedy of the commons:

Brands and businesses are over-grazing on the opportunity without regard to the future of the shared resource.

Digital influencer engagement has experienced recurring waves of interest over the years. It started years ago with blogging. Then attention turned to Twitter. Now YouTube and Instagram have made digital influence hot again. After all, real co-creation with influencers can bring big benefits, often among audiences otherwise hard to reach.

But influencer engagement only works when it's authentic. When influencers are paid to

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endorse a product and express an opinion, the audience is usually tolerant for a while. But when an influencer veers toward shill too often, credibility loss and audience erosion are sure to follow.

Over time, this threatens to disrupt the opportunity for everyone as audiences question the credibility not just of individual influencers, but of the whole medium.

And we have seen countless examples of this in recent months. In one case, scrutiny turned to an influencer who was caught staging a "surprise" wedding proposal.

With attention and buzz comes a lot of nonsense and too many bad actors. The industrialization of influencer engagement—through agents

and budgets that are too big in comparison to the potential for impact—only makes the problem worse.

Going forward, influencer engagement will continue to grow and evolve, as it should. Instagram and YouTube will likely define this era of communications in the way that television defined the last one. Brilliant creative minds are inventing new ways to tell stories and have conversations that audiences love.

To succeed, brands and businesses today must embrace new methods and new forms of creativity. Start with this premise: If it's not a little uncomfortable, it's probably too conventional.

And then practice some SIMPLE RULES:

- 1 Compensate, don't over-pay.** Influencers deserve to be compensated for their time and trouble, the same as any partner. But avoid the ridiculous. Too much cash distorts the value for everyone.
- 2 Follow the rules and ensure transparency.** Most countries now have requirements that influencers include "ad" tags. Do this.
- 3 Protect authenticity at all costs.** If you can't come up with a concept that's authentic for both business and influencer, don't go forward.
- 4 Remember: Co-create, don't instruct.** Be ready to hand over creative control to the influencer. You picked them because you loved what they were doing and, more importantly, so does their audience. Trust them to create something that will work.

Don't contribute to turning the influencer engagement opportunity into a tragedy of the commons. ♦

Marshall Manson is a Partner in Brunswick's London office. He leads the firm's digital offer in the UK, Europe and other key markets.

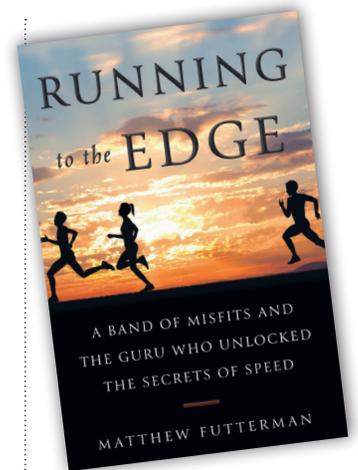
Business Lessons from Fast Runners

Matthew Futterman distills leadership lessons offered in his new book, *Running to the Edge: A Band of Misfits and the Guru Who Unlocked the Secrets of Speed*.

IDIDN'T SET OUT TO WRITE A book about leadership. I intended to write about a bunch of hippie runners in 1970s San Diego who called themselves the Jamul Toads. They came out of nowhere to win the 1976 national cross-country championship back when that was just about the biggest distance event in America other than the Boston Marathon.

But when I started to ask the Toads about the secret to their success, they all essentially gave the same answer: Bob Larsen.

Hard-core runners revere Larsen, who is best known for coaching the Olympians Deena Kastor and Meb Keflezighi to the podium in 2004 and guiding Meb to inspirational victories in the New York City Marathon in 2009 and the Boston Marathon in 2014. Larsen's journey started nearly a half-century before that though, when he turned a small



suburban San Diego high school into a running power and then a local junior college into one of the best distance teams in the country. How did he do that?

Yes, Larsen figured out how to train smarter and better before nearly any other running coach did, but training plans were really just a small part of his success. Larsen's unconventional approach to both leadership and his sport accounts for most of it.

When the cross-country team showed up to meet the new coach at Monte Vista High School in 1963, they couldn't figure out who he was. The running coach was usually an old crank who wore a windbreaker and had a whistle and a clipboard and barked orders. Larsen, who was in his early 20s at the time, wore



Legendary running coach Bob Larsen, far left, with the Jamul Toads, an unknown club that under his tutelage won national competitions.

shorts, sneakers and a T-shirt. He told the boys it was time to run, and then he led the way, building a trust equation on all those gallops through the dusty hills of eastern San Diego County.

Larsen ran with his runners until he could no longer keep up with them.

When he coached distance runners who had to do 20-mile weekend runs, he'd lead them through the first five miles, making sure they stayed behind him and warmed up properly. When he was guiding Meb through grueling workouts at 8,000 feet around Mammoth Lakes, he often rode next to his star pupil on a bicycle. The message was so simple: I am here with you, now and always.

It's why he implored his runners never to train alone, because the group is more powerful than the individual, even in what might seem like the most solitary of pursuits.

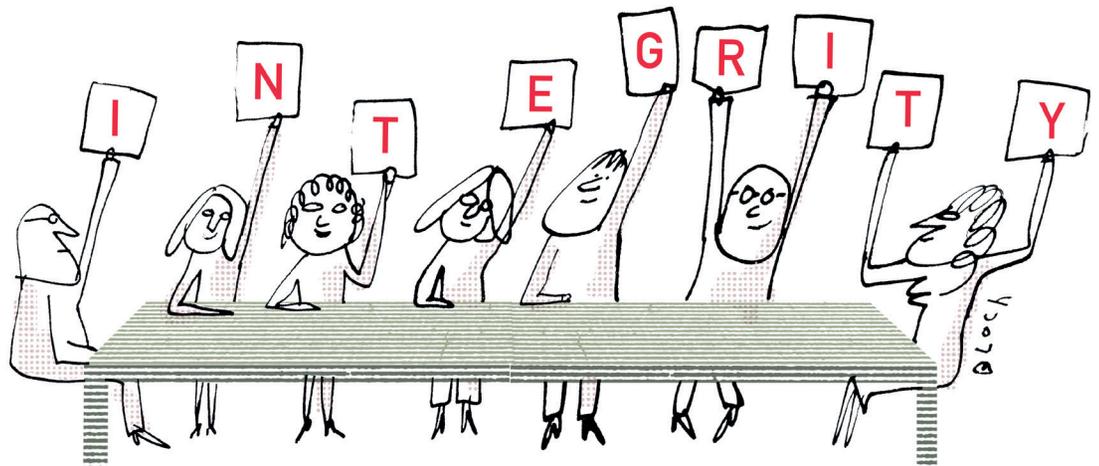
Another thing Larsen's runners always said about him—they almost never heard him raise his voice. Let the other coaches stand in the infield and scream to try to coax more speed. Larsen stationed himself by the track and delivered a few soft words: "Relax those shoulders," or "Perfect."

Sometimes it was, sometimes it wasn't, but running for Larsen meant that you didn't always measure yourself simply by where you finished in the race. A hundred different factors, including the quality of the competition, can determine who wins and who does not. For Larsen, success was about how much love and dedication you brought to your pursuit, both in training and on the day of the race.

"We don't always get first place," he would tell his runners, "but we always run to win."

And wouldn't you know, plenty of winning happened along the way. ♦

Matthew Futterman, Deputy Sports Editor of the New York Times, is a former Senior Special Writer for the Wall Street Journal and the author of a previous book called Players: How Sports Became a Business.



The Whole Truth

"There is no room for artifice, nor for major differences of emphasis between audiences, markets or geography," says Brunswick's Rob Webb.

COMMENTATORS AND OBSERVERS OF BUSINESS and political life are fond of justifying their observations by claiming the old Quaker maxim that they speak truth unto power. This slogan, however, while it can cover a noble and brave idea, can also be used to justify some fairly polemical or simply lazy opinions.

The witness oath in English law contains a promise not only to tell the truth, but to tell the whole truth and, less obviously, to tell nothing but the truth (i.e., not many opinions needed). The concept of the whole truth is important. A statement can be true, without it being the whole truth—two British Government servants, Robert Armstrong in the "Spycatcher" trial and Alan Clark in the Arms to Iraq trial, both tried to defend the concept of being "economical with the truth" (or "actualité" as Alan Clark described it, using French to distance his Government from the content). Both exchanges led them to be the butt of jokes to this day. The fact is, however, that many still claim nobly to be telling the truth, when all they are telling is one aspect of that whole.

This raises the question of the approach to truth modern CEOs or Boards need to take today. It is a worldwide question, not a Western nor a democratic liberal concept. Most of humanity has an understanding of the difference between truth and falsehood, whether Christian, Muslim, Hindu or other.

A few years ago, a typical CEO and Board had a few well recognized stakeholders in the business to whom they needed to speak—shareholders, customers and staff were the obvious primary audience. It was possible to vary the tone and content of the messages which each received—upbeat to investors while exhorting the employee galley slaves to greater and greater endeavors.

Today, the stakeholder audience is vastly larger and corporate duties are owed far and wide. In addition, the CEO must address climate change, fossil fuels, plastics and waste, gender diversity, corporate giving programs, dealing with undemocratic regimes, sugar taxes, data rules and more. The list lengthens steadily as wealth regulation gains the ascendancy over wealth creation and conformance starts to outrank performance as a goal. A new audience of special interest is always just around the corner. The public also now expects companies to do more than comply with the law as is; they require compliance with the law as they think it ought to be.

In this world there is no room for artifice, nor for major differences of emphasis between audiences, markets or geography. There must be a single message—and it must be the whole truth.

This is where integrity is the golden key. The CEO and the Board need to understand what their company does and why; what is its social purpose; how it fulfills its obligations; and how it responds, as a citizen of its society and as a global citizen of our increasingly transparent planet.

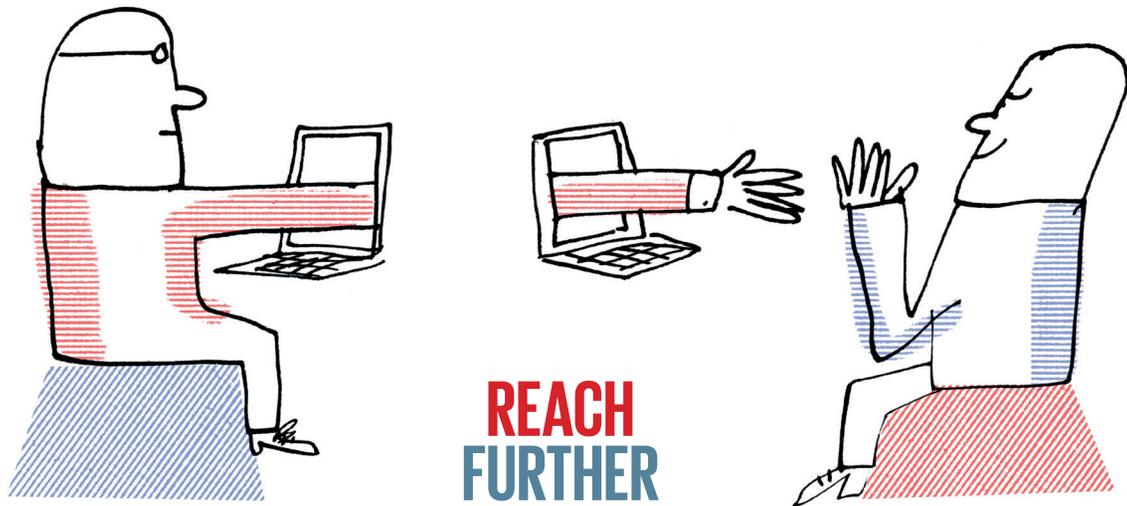
Often one sees these questions being addressed on the hoof in the face of a crisis—but the speed and transparency of today's people and markets no longer allow this.

A company, in order to have "integrity," needs an all-around knowledge of all of its values, and an embrace of them, all of the time. Only then, when the storm hits, will its anchor be seen to hold.

Steering a straight course that can be understood by all people all the time is never easy—but in today's market it is more necessary than ever. ♦

Rob Webb QC is a Senior Advisor based in Brunswick's London office.

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Communication isn't a zero-sum game, says Brunswick's Craig Mullaney.

THERE'S SOME CONCERN OUT there that digital connections may come at the expense of human contact. But communication isn't a zero-sum game. Craig Mullaney, a digital advisor to leaders around the

world, says, "I see a hierarchy from face-to-face at one end to global social networks at the other end. Almost any leader would prefer to speak directly with people, but with today's globally dispersed organizations

that's not scalable. So you seek small where you can find it and master newer technologies to magnify and extend." Mr. Mullaney, a Brunswick Partner in Washington, DC, and a decorated Army combat veteran, describes

on page 14 the pleasure he took recently in a face-to-face meeting with Senator Robert Dole, the legendary politician and World War II veteran. ♦

Craig Mullaney is a Partner based in Brunswick's Washington, DC office.

CONNECTED LEADERSHIP

IN 2019 BRUNSWICK PUBLISHED THE CONNECTED LEADERSHIP INDEX, which was built on more than 100,000 data points and documented the digital profiles of 790 CEOs in the S&P 500 and FTSE 350. Brunswick also ranked the top 100 connected leaders, based on factors that comprise CEO digital presence—like how frequently they post across Facebook, Twitter, Instagram, LinkedIn and other widely used digital platforms. That research was supplemented by a survey of employees and readers of financial publications in the US and UK—a group emblematic of the external stakeholders business leaders want to reach. The survey sought to gauge their expectations for CEOs on social media. View the complete report at www.brunswickgroup.com/perspectives/connected-leadership/.

Key Findings

- CEOs are expected to focus on financial and strategic issues, but also to communicate directly with the public and investors as the public face of the company. However, less than half (48 percent) of S&P 500 and FTSE 350 CEOs boasted a presence on social media.
- By a more than 2-to-1 ratio, employees would prefer to work for a CEO who uses digital and social media. Direct and transparent leadership ranks second among retention factors, behind pay and benefits.
- A majority of employees believe leadership on social media from CEOs has a positive impact on a company's reputation.

The LANDSCAPE

48
PERCENT
of CEOs in the
Connected
Leadership Index
have a social
media presence.

9 OUT OF 10
FINANCIAL READERS
cite the
importance of
social media
communications by
CEOs when a
company is in crisis.

98
PERCENT
of investors use
digital media
to investigate
and conduct
research.

What TOP CONNECTED LEADERS do right

USE VISUALS Among the Top 50 Connected Leaders, 59 percent used video and 98 percent used photos in their posts in the last year.

BE YOURSELF Leaders who are connected and respected share another characteristic: They're themselves. Authenticity is a key factor in meaningful digital communications.

COMMIT TO CONSISTENCY The Top 50 Connected Leaders post more frequently than other active CEOs. Connected Leaders post twice as much content as their peers. ♦

TOP 5

Connected Leaders
(S&P 500 + FTSE 350)



Doug McMillon
Walmart
score: **828.7**

Brent Saunders
Allergan
score: **815.3**



Ramon Laguarta
PepsiCo
score: **802.0**

Adena Friedman
Nasdaq
score: **799.0**



Dan Schulman
PayPal
score: **795.3**

The average
Top 50 Connected
Leader posted twice as
much video content
as the average active
CEO on Facebook,
Instagram and Twitter.

62

PERCENT of the
Top 50 Connected
Leaders are
present on more than
one platform.

THE NEW PRESIDENT OF THE European Commission for the next five years is Ursula von der Leyen, the former German Defense Minister. She was the candidate selected by the EU countries' leaders and confirmed in a secret ballot of Members of European Parliament with 383 out of 737 possible votes, passing the required threshold of 374 by only nine votes. She is the first woman to hold the post and comes from the German Christian Democratic Party—only the second German President since the inception of the EU. In some ways she is seen as representing a return to big-country leadership of the institution, particularly as Britain's departure leaves the Germans and the French as the dominant EU nations.

A native of Brussels, where her father was a senior Commission official, she joins Audrey Hepburn in the pantheon of famous foreigners born in the Belgian capital. Importantly, this gave her a mastery of the French language. Coupled with her excellent English and obviously fluent German, she is well-equipped for the EU bubble where those languages are the most widely used.

But her background and personality aside, it will be how she reacts “under fire” in the months ahead which will reveal her true values, skills and abilities.

What does a President of the European Commission do? She chairs the weekly meetings of Commissioners, represents the Commission in European and international settings and directs the organization's activities. She will run a large body as *prima inter pares* of the 28 Commissioners, one from each EU country, reducing to 27 after Brexit.

The European Commission is a body with multiple roles, a unique institution with no model in political science manuals. It is the civil service of the EU, the initiator of its legislation, the defender and prosecutor of its laws, its trade negotiator and its competition/

The Weight of the EU

Brunswick's Sir Jonathan Faull examines the challenges awaiting Ursula von der Leyen.

antitrust authority, the public face of Brussels with its daily press briefing and social media feeds.

Does the Commission do law or politics? If the answer is both, is that legitimate? Or, to put it another way, how much damage does that do to its legitimacy?

The answer *is* both, in the sense that it enforces laws once they are made but also prepares, advocates and proposes new initiatives. The EU is a young, evolving democracy, a fascinating experiment in sharing sovereignty among 28 countries, republics and kingdoms. Some are mature democracies, others were dictatorships within living memory; one was an occupier in war, others were occupied; some former colonial powers, others colonies of those former powers. It is not surprising that the established categories of

political science fail to capture the EU's baroque complexities. Words like federal and confederal all mean something slightly different across European languages and political systems. Thus “federal” means centralized in some countries and decentralized in others.

What's a poor European to do? Some reach for their common Latin roots and settle for *sui generis*. Is that a legitimate cop-out? Yes, and it's a call to scholars to make an effort to understand and describe what they see happening as it happens. If scholars find it hard, imagine what Europeans make of it all as they get on with their lives and are called upon to vote every so often.

Think of Belgians who voted in May for the European Parliament, the national (federal) Parliament and regional Parliaments all on the same day. Super Sunday it may have been, but it must have tested the mettle of the very



sophisticated Belgian electorate. They rose to the challenge brilliantly by the way, returning bewilderingly different party kaleidoscopes to the different chambers they elected.

The challenges facing Ms. von der Leyen are numerous and varied. She will have to manage Brexit and its consequences, US hostility to multilateral diplomacy and the status quo in trade policy, the rise of populism and persistence of sluggish growth at home in Europe, Chinese mercantilism and Russian illiberalism, climate change, robotization, regulation of the digital economy, Middle Eastern instability, all the while juggling European traditions drawn from Christian and Social Democracy and inspired by Colbert and Keynes, to name but a few.

Crises, some more or less feared and others utterly unpredicted, will erupt and exacerbate divisions among Europeans and their countries. Unfinished business in core areas of EU activity will call for leadership and complicated coalition management. The euro needs better coordination among its member countries; the “single market” needs to deserve its name in services and capital markets; the Schengen area, with no internal borders, needs a collectively managed external border; leadership in data protection and sustainable finance requires action to match aspirations ... and so on.

It is not an easy job. How will she fare? She has legal powers, a bully pulpit and a first-class administration at her disposal. The implementation of Brexit has persuaded many Europeans, at least for now, that the EU is a worthwhile response to their and their countries’ concerns about their place in a troubled world. The European Commission has to strike balances every day between law and politics, and between lofty aspirations and the reality of power and resources held by individual countries. Europeans and their friends around the world should wish her well. ♦

Sir Jonathan Faull is Chair of European Public Affairs, and based in Brussels.



AFRICA and the Inequality Forecast

Without radical change in the global economy, geopolitical crisis is likely to get far worse.

THERE’S A WAR GOING ON outside no man is safe from.”

That line is from a song by New York hip-hop duo Mobb Deep. Policy makers and macro analysts seem to agree.

In January of this year Aengus Collins, Head of Global Risks and the Geopolitical Agenda at the World Economic Forum, asked, “Could the world be sleepwalking into a crisis?”

The answer is yes, yes it could. Michael Spence, a mild-mannered economist as Clark Kent as you’re likely to find, recently wrote that “Taken together, these diverse economic and political trends may or may not lead to another global crisis or sudden stop. Either way, they will sustain a prolonged period of radical uncertainty.”

That’s mild-mannered-economist-speak for “crisis.” He was describing situations

from Europe to the US to Asia, but increasingly, the world feels uneasy no matter where you are. But it seemed for a while at least that Africa, this continent of 54 countries, which is three times the size of the US, would get a pass.

African countries so often are out of sight and out of mind for the West. Usually that is reason to object, but lately it has seemed a good thing. As trouble has bubbled and boiled on either side of the Atlantic and Pacific, and more recently on the sub-continent of India, Africa

“FEW ARE SAYING IT OUT LOUD, BUT AFRICA’S PROMISED GROWTH CANNOT BE DELIVERED WITHOUT A REDESIGN OF THE GLOBAL ECONOMIC ORDER.”

has, by its own real or perceived standards, been relatively stable (one exception might be the political rumbling brewing in historically stable and “boring” nation of Botswana).

As globalization’s unraveling seemed to accelerate, Africa sealed the African Continental Free Trade Agreement (AfCFTA), the world’s largest free trade area. The promise is considerable; the area would cover a market with a population similar to that of India, and a combined gross domestic product of \$2.5 trillion.

Alas, no one is safe and this eerie calm can’t last. The fate of Africa is entwined with the rest of the world and, indeed, it is particularly vulnerable in the current climate.

While it has many manifestations, the core of the world’s current instability is essentially about insiders and outsiders—haves and have nots—created by the broken social contract of the world’s dominant economic system.

In *People, Power and Profits*, Joseph Stiglitz writes, “The true wealth of a nation is measured by its capacity to deliver, in a sustainable way, high standards of living for all of its citizens.” That promise seems dead. If not because of the crash in intergenerational mobility, then because of the reality that capitalism’s externalities have finally caught up with us through the climate crisis.

Cruelly, the latter is likely to bring Africa’s much vaunted economic promise to a sharp halt. Emerging markets have the most to lose by the pressures of climate change. Few are saying it out loud, but Africa’s promised growth cannot be delivered without a redesign of the global economic order.

If the world feels like it is in crisis now, just wait until it becomes clear there are 1.3 billion people destined to join the disgruntled outsiders. ♦

Itumeleng Mahabane is a Partner in Brunswick’s Johannesburg office and an award-winning former journalist.