

Reputation

ISSUE 34

TRINITY TERM 2022

OXFORD UNIVERSITY CENTRE FOR CORPORATE REPUTATION

The Big Interview

As the Queen celebrates her Platinum Jubilee, author and documentary maker Robert Hardman explains the roots of her stellar reputation, and the lessons – and risks – for her successors

Trust in banking

A leading investment banker and a professor of finance on the importance of personal service at a time of fintech innovation

Cultural capital

How Intesa Sanpaolo banking group made contributing to Italian culture a pillar of its business plan

Speaking truth to power

A report from our inaugural executive education programme for chiefs of staff

Research focus

Communications styles in crowdfunding pitches; and the 'colonisation' of healthcare and education by Big Tech platform firms

News and events



What impact will AI, blockchain and other technologies have on client relationships in investment banking? Mauro Micillo argues that the growing need for trusted experts will strengthen the role of advisers, while, below right, Alan Morrison argues that for the banks to generate trust, they need to organise themselves as a unified moral agent.

VIEWPOINT: FINTECH, TRUST AND THE FUTURE OF RELATIONSHIP BANKING

Banking may have a reputation for sober respectability and tradition, but it has a long history of innovation driven by technology. From the introduction of paper bank notes in 17th-century Europe to the emergence of derivatives trading in the 1970s and 1980s, and the further development of electronic trading in the 1990s and 2000s, the banking sector has been constantly in a state of flux.



new fintech and data companies entering the market, the greater the demand for long-term interpersonal relationships between client and bank, based on a high degree of trust, especially for the most complex products.

That is not to say that investment banks will not continue to take advantage of digitisation in its products and

‘Relationship management ensures that the client sees and experiences one bank, as opposed to an anonymous dashboard’

services. In the IMI CIB Division of Intesa Sanpaolo, for example, we have grouped our services in three clusters, depending on the level of interaction needed. Low-touch products and services include cash-management, current accounts, FX spot transactions, and cash equities; clients’ needs in these areas are most efficiently served digitally. Hybrid products and services, such as short-term lending, guarantees, letters of credit, FX hedging, and non-complex rates, combine digital offerings with specialist support from one of the bank experts in those areas. And the most complex services, including structured finance, mergers and acquisitions, and primary capital markets products,

will continue to be high touch, involving enhanced specialisation within product desks, advanced competencies in financial products and technologies, together with superior relationship-management capabilities.

In time, of course, it is likely that products currently in the hybrid cluster will become commodified and need less specialist support; they will move into the cluster of low-touch products. New products will continue to be developed as entrepreneurial fintech companies explore the potential of expanding technologies, particularly AI and blockchain. These can be brought in to enhance our services at every level, from low- to high-touch.

So why is relationship management so important and why is trust an essential component? Partly it is the client experience. Relationship management ensures that the client sees and experiences “one bank”, as opposed to an anonymous and impersonal dashboard or a multitude of teams providing inconsistent services or ideas. There is clear accountability within the bank and proper treatment of information. This may sound pretty basic, but these have been and still are crucial pain points even for the most sophisticated clients. I have heard horror stories of some banks where separate teams would pitch for the same deal or act as “gatekeepers” to the client relationship by hoarding information. If a bank is too

Now, with the emergence of cloud computing and next-generation connectivity, to say nothing of big data, artificial intelligence (AI) and blockchain, the process of technological disruption and innovation is accelerating.

In retail banking, this is having the effect of giving the consumer a greater sense of control (managing their own investments via a digital dashboard, receiving more-or-less instantaneous approval for online loan applications, checking balances and transactions at the press of a thumb on a phone screen) while simultaneously reducing the contact and engagement they have with real people and processes within the bank.

In corporate investment banking, however, the same new technologies are frequently driving clients in the opposite direction. The greater the speed and opacity of transactions, and the more



busy competing with itself, it will not be able to give its clients the careful and customised advice that they need.

Partly it is the more nuanced environment in which clients themselves are operating, with an increasing focus on business purpose and on ESG (environmental, social, and governance) issues. Serving clients in this context is about more than just delivering a product. It is about understanding the client's motivation and position on an ESG strategy; what their priorities are; and how their targets align with the bank's targets.

Perhaps most importantly for the future, however, good relationship management

involves combining technical expertise and integrity, so that banks can act as both guides and orchestrators within ever-growing networks of new providers, clients and technologies. Banks are heavily regulated, technology companies are not; and nor, by and large, do they want to be, as banking licences are both expensive and cumbersome. So while there are many examples of banks that have acquired fintech companies in order to increase their in-house offering (indeed, we have done this at Intesa Sanpaolo), I think the indications are that banks will increasingly work in partnership with tech and data companies, either through direct investment or commercial partnerships.

Like open banking in the retail sphere, the future for corporate investment banking is platform-based – but, crucially, provided by the bank and with the relationship with the client at the centre. This will enable us to present clients with a “one stop shop” that simplifies their banking activities, keeps the balance between what could be done and what should be, and combines products and services in innovative ways to provide the best possible support for both simple transactions and complex deals. ■

Mauro Micillo is Chief of IMI Corporate & Investment Banking at Intesa Sanpaolo Group.

The companies that purchase underwriting services, corporate finance advice, and complex trading services typically do not understand their needs, and the financial markets in which those needs will be satisfied, as well as the investment banks with whom they deal. Hence, in order that the important and high-stakes transactions that those banks support get off the ground, clients require a device to reassure them. That device is *trust*.

When we trust a party, we essentially take it for granted that the party will not harm us, even when it could probably do so with impunity. But a rational actor does not blindly trust a putative partner in a relationship as important as the one between a bank and its clients: while trust requires a leap of faith, in the financial markets that leap is justified by a good understanding of one's counterparty and of the institutional context in which the trust is formed.

Mauro Micillo's reflections are important, because they help us to understand when trust matters, and



how it can be sustained, in a world that is being disrupted by new information technologies. On the one hand, new technologies can lower informational barriers and make it easier to transact with confidence. We see this effect at work in the “low-touch” products identified in Mauro's piece. And, on the other hand, new technologies enable complex products and new forms of relationships that are hard to understand; Mauro labels the associated banking services as “high touch”. The high-touch services are particularly interesting, because they are heavily reliant upon trust in new and sometimes hard-to-understand ways.

Mauro's discussion of the ways in which high-touch businesses are conducted yields important insights into the institutional foundation of trust in modern investment banks. Mauro notes that good relationship management is critically important to clients; in particular, clients should experience “one bank”, rather than a branded interface through which they can access a range of apparently unconnected services. One reason to

care about this is that, as Mauro notes, it means that clients can call their bank to account. Such account-calling is almost always partially constitutive of a trusting relationship.

I think that there is another, more fundamental, reason to believe the “one bank” experience enables trust. To employ a technical term, meaningful trust is trust in a *moral agent*: that is, in a rational actor that is capable of taking moral responsibility for its actions. A client that experiences its bank as a collection of loosely connected product lines may come to trust the individuals with whom it does business but, because the bank does not appear to be a single, rational actor, its clients will not view it as a moral agent. In that case, the bank cannot be the target of meaningful trust and, in the long run, it will struggle to distinguish itself from an algorithm. In other words, Mauro's concern that investment banks should offer one-stop shopping for complex products bottoms out in a statement about the foundations of trust and, hence, of long-run sustainability. ■

Alan Morrison is Professor of Law and Finance at Saïd Business School.

The Queen's Platinum Jubilee has highlighted her overwhelmingly positive global reputation. Journalist, author and documentary maker Robert Hardman, a chronicler of the UK's royal family for over 25 years, explains how much the monarchy has gained from her personal qualities, and the lessons – and risks – for her successors.

THE BIG INTERVIEW: ROBERT HARDMAN

What is the secret of the Queen's stellar personal reputation, and are there lessons from her – albeit rarified – career for other leaders and their organisations? After 70 years on the throne, and in the warm glow of this year's jubilee celebrations, Her Majesty has an approval rating that any CEO would envy. What are the lessons for her successors, and for the monarchy, an organisation that she has helped navigate through extraordinary turbulence and changes in societal expectations and norms?

For an authoritative assessment, *Reputation* turned to the eminent journalist, author and documentary maker Robert Hardman, who has been charting the course of the monarchy and its major players for over 25 years, including making several films on and with the Queen's husband, the Duke of Edinburgh. The culmination of all this knowledge and access is his current bestseller *Queen of Our Times*, a comprehensive and immensely readable account of her reign – and the book Boris Johnson, still UK Prime Minister at the time of writing – chose to give President Zelensky of Ukraine on his most recent visit to Kyiv. Hardman was a frequent expert commentator on the BBC during the recent jubilee celebrations.

We begin by looking back – something he says the Queen seldom does – on how the currency of the monarchy has changed over the years, compared to when he first became a writer on the royal family for the *Daily Telegraph*, in the 1990s. Even with the seismic political and societal shifts going on during the rise of Tony Blair, he says, it was “very often the royal stories that set the news agenda”.

As a veteran newspaperman, with the *Daily Mail* since 2001, he is keenly aware of how the most powerful narratives can prevail over the facts, at least in the short term. The Netflix series *The Crown* is a notable example, he suggests: “It's beautifully put together and it's made the family and the institution more discussed.

However, the distortion is not worth the extra profile.” Shared public narratives converge towards simplicity and conformity with existing tropes of tragedy and triumph, and *The Crown* is not afraid to tap into that. The broad “lazy” narrative according to Hardman is the Queen and the monarchy at a reputation highpoint in 1952-53 and in a slow decline ever since, hit by one reversal after another.

The truth is much more nuanced, he says. “In the late Fifties you see attacks on the old-fashioned tweediness of the court. In the Sixties the ‘satire boom’ suggested that Britain had had it with this rather tired ‘aristo’ brigade, and the monarchy is too interlinked with it.” The monarchy “dodders along, still perfectly popular, but increasingly detached”, but at the

‘There’s a feeling that she is trustworthy and authentic. When Britain was much diminished, she was held in high regard’

end of the Sixties there's a shift. “As with all things to do with monarchy, it's slow. They don't do relaunches.” The Queen finally loses a raft of courtiers she had inherited from her father's time, including a “pretty useless” press secretary. The dynamic replacement Bill Heseltine (now Sir William) and Prince Philip help drive change in engagement strategy, notably the iconic and much debated decision to allow the cameras in for the *Royal Family* documentary.

“It was extraordinary, and I think people misunderstand and underestimate the impact of that documentary. *The Crown* gets it utterly wrong, presenting it as an embarrassment that everyone wishes had never happened, made as a reaction to a bad TV interview Prince Philip had done – which actually happened months later.” Hardman considers the documentary a turning point. “The popular narrative is ‘that's

the start of the rot, when the paparazzi kicked off’, which is just wrong. It was phenomenally successful. In Britain, more people watched the Queen making salad dressing on the shores of Loch Muick than watched the first man landing on the moon a month later.”

It is in the 1970s that the Queen leverages the role in which she has contributed more to the world, and to the UK's soft power, than any other, in Hardman's estimation: as Head of the Commonwealth, the “no longer forelock-tugging” former British colonies. Again, there are two narratives at play: the immaculately dressed sovereign watching endless cultural displays on royal tours, and the reality of building bridges with world leaders at an extremely sensitive transitional period.

Hardman interviewed multiple foreign secretaries, presidents and prime ministers for his book, so has good data on what has made her so effective. “There's a feeling among them that she's trustworthy and authentic. The Foreign Office might speak one way, do another, but she's seen as an honest broker, and through the Seventies, when Britain was much diminished, she's one of the few people still held in high regard.”

She is also notably forward-looking. “Everyone knows the Queen loves the Commonwealth, but they think that she looks at it through a tinted lens, that she's a nostalgic and a sentimentalist: she's absolutely not,” he says. “The Queen Mother loved reminiscing, and Prince Charles does, too. The Queen doesn't.” Her propensity to always be looking to the future is a key facet of both her resilience and her effectiveness.

Hardman quotes Tony Blair as saying “in a small ‘p’ political sense, she has a near genius”. As her reign continues, she becomes more adept at seeing trouble ahead. The 1990s were a torrid time both personally and for the reputation of the monarchy, with marriage splits



and controversy over the cost of the institution, but “she had already had the wits to make some fairly major internal reforms, in management, paying taxes and so on, so that when trouble starts, they’ve already done a lot of the groundwork”.

What are her chief personal virtues? “She never panics,” says Hardman. “I couldn’t find any example.” Given the threats she has faced, from being shot at while on horseback at Trooping the Colour in 1981, to waking to find an intruder in her bedroom at Buckingham Palace in 1982, that is remarkable. “I know ‘Keep Calm and Carry On’ is a cliché, but she does embody it.” More than that, “It’s not rushing into things.” There are times when that has rebounded on her – letting the “War of the Waleses” between Charles and Diana drag on for nearly three years, for example – but on balance, he sees it as an important strength. The time after Princess Diana’s death is often cited as an example of her slowness to respond to the public mood, “but I’m not sure I agree. Her priority was creating a cocoon around the boys [Princes Harry and William] and not emoting in public. And with the quiet authority she has, when she reappeared in London in front of the crowds, the mood changed, the anger subsided and there was a seismic shift.” By the time of the Golden Jubilee, the reputation of the monarchy is back on an upswing.

Another quality is her personal courage. Hardman was given unprecedented

access to George VI’s wartime diaries “and they explain a lot about her”, and give context that we are inclined to forget: “That sense of existential threat from George VI that he’s going to be the last monarch ever: that the country’s going to be invaded and his family’s going

‘Prince Charles has handled this transition well, taking on more of the trappings without undermining the Queen’

to be executed like they were in Russia.” On top of the circumstances of the abdication of her uncle, “this drummed into her as a small child, that if you abandon your duty, bad things happen”.

That training, along with her status, has undoubtedly contributed to her monarchical aura, “but it’s more than that with her. Whoever she’s dealing with, they want to look good in her eyes. Even really surprising people feel the need to not upset her.” Donald Trump stopped tweeting during his state visit. “Kim Jong-un bizarrely sent a message of goodwill for the jubilee.” Around the world, she is a source of amazement, and that admiration gives her a deep influence that others struggle to access.

Hardman cites a particularly violent tour of Canada in the 1960s, “where there were death threats and riots and all that. And then suddenly all that vanishes the

moment you get Watergate over the border, and suddenly Canada goes, ‘Oh, you know what, maybe this isn’t such a bad system after all,’ and the republican thing just fizzles out. It’s partly respect for her, and it’s partly the understanding of what she represents, this institution that has blocking power. The bad guys can’t get their hands on the military because she’s the head of it, and the politicians can’t easily start messing about with the judiciary.”

Hardman also points to an instinct for the personal touch that cannot be trained. He cites the day of Aretha Franklin’s funeral in America, when the Queen authorised the band of the Welsh Guards at Buckingham Palace to play a medley of Aretha Franklin hits. “That evening in America, it was the headline news. That is soft power. It was the same on 9/11, where she didn’t appear on screen, but she made a very powerful statement, ‘Grief is the price we pay for love.’ And the band played *The Star-Spangled Banner*.”

What of the succession, a headache in any organisation, no less so because the future incumbent inherits rather than earns the top spot – perhaps more? “The way [Prince Charles] has handled this transition, gently taking on more of the trappings, but without undermining her authority, is a very difficult thing to do, and I think he’s doing it well,” says Hardman. The firm hand he has played with Prince Andrew’s attempts at rehabilitation are also a good sign, although it remains to be seen how the schism with Prince Harry will play out.

Hardman reckons the biggest reputational threat to the next incumbent will be the relationship with the “realms” (former British colonies that retain the monarchy) “calling time on the crown”, and the narratives around that. “It’s important that that is represented as a democratic evolutionary process rather than a two-fingered rejection of the House of Windsor.” But it cuts both ways: “We constantly hear that it’s time the Caribbean realms shook off the ‘shackles of colonialism’ and went ‘independent’. They’ve been independent a long time, but chose to keep the Queen as head of state. And I think it’s a little rude to then turn around and go, ‘What are you doing here?’” In the final analysis, to be someone people would be ashamed to be rude to may be one of her greatest reputational achievements. ■

Queen of Our Times: The Life of Elizabeth II *is published by Macmillan.*

When Italy's leading bank decided to make culture a core pillar of its business plan, it faced a number of challenges: how best to add to its existing commitments and broaden its impact; how to manage stakeholder expectations and monitor the effect on its reputation; and how to progress its aspirations in the face of the Covid-19 pandemic?

CASE STUDY: INTESA SANPAOLO'S COMMITMENT TO CULTURE

When Intesa Sanpaolo, the Italian banking group, unveiled its new three-year business plan in January 2018, among the more conventional references to de-risking, cost reduction, revenue growth and new business opportunities, it had some notably less predictable inclusions. Conspicuous among them was a new commitment to "set up a specialised unit focused on enhancement and proactive management of Art, Culture and Historical Heritage".

Its cultural aspirations were encapsulated in the Progetto Cultura – literally "culture project" – an initiative launched in 2011 which was now to be elevated to a key plank in Intesa Sanpaolo's impact agenda. Typically for a commercial organisation, such activities would usually take the form of the sponsorship of institutions and events. Intesa Sanpaolo had exceeded that level of undertaking already, for example with the creation of three museums to accommodate a variety of works of art in the bank's collection. What were the motivations for and implications of now putting such an intensified focus on its current and future commitment to supporting cultural initiatives?

The answer has many dimensions: the national context in Italy; an obligation and imperative arising from the origins of the bank and its own cultural assets; a perceived opportunity to align and build relationships with its customers and other stakeholders, and to differentiate itself from competitors; and an avowed sense of moral obligation among the bank's leadership to contribute to the preservation and enhancement of Italy's cultural heritage.

"When you are a bank, people come to you to ask for money. We do not just want to give people money. We want to make a deeper contribution." So said Laurence Aliquot, Director of Cultural Promotion, Marketing and Partnership at the bank's Art, Culture and Historical Heritage Department, and it is a mantra

that director Michele Coppola and many others within the heritage department echo. In its graduation from a funding organisation to making a broader national contribution, Intesa Sanpaolo is increasingly positioning itself to influence how the machinery of culture works, not just enabling it to happen. "The idea is to offer the correct example of a new way of being a cultural manager," said Coppola, "to be more professional. If a private company, especially a bank, decides to be part of that really meaningful mission for a country like Italy, of course the behaviour must be the same as when you are a bank. The Progetto Cultura works to a three-year-plan. It is really rare in Italy. One of the most important [things

'When you are a bank, people come to you to ask for money. We do not just want to give people money'

lacking] in the cultural area is the absence of planning." As an example, he cites the difficulty of working on high-quality partnership projects with top international institutions if they are not given sufficiently long lead times, typically of two or three years. The impressive list of institutions with which the Gallerie d'Italia, the group's own galleries, have partnered in recent times bears witness to its growing credibility in the cultural sphere: in 2017-18, for example, over 300 of the bank's artworks were lent to institutions including New York's Metropolitan Museum of Art, the Estorick Collection of Modern Italian Art in London, the Hermitage in St Petersburg, and the Pushkin Museum in Moscow. "And this is another way of understanding the importance and the quality and the result that we have got from our commitment," said Coppola.

Intesa Sanpaolo now prioritises partnerships and initiatives that it perceives make a more substantive

impact than simply funding can, and positions itself as a repository of expertise as well as material assets. A case in point is its partnership with Artissima, Italy's foremost contemporary annual art fair that takes place in Turin. In 2020, said Gaia Dell'Orto, a partnership specialist within the heritage department, it was a "normal partner, and it was a test. In 2021 we are a main partner, in order to have a real partnership and not only sponsorship." Under the Gallerie d'Italia banner, it hosted an exhibition space at the fair entitled Vitality of Time, featuring a number of 20th- and 21st-century works from its collection, and another entitled *Rimbalzi* ("rebounds"), with exhibits from the bank's historical archive and the archive of the Publifoto photographic agency archive that it has owned since the 1990s.

As part of the drive to help professionalise cultural management within Italy, Michele Coppola enlisted the help of academic Guido Guerzoni to devise a six-month executive master's in arts management, in conjunction with Italy's Ministry of Culture. The first course ran from February to July 2021, and there were over 800 applications for the 30 places available. The teachers included senior executives from the bank, including the Head of Administration and Tax, Fabrizio Dabbene: "It was another way of talking about management and importance of the mix between two different cultures of management," said Coppola.

The Covid-19 pandemic necessitated another rethink. In the galleries, initially operating in restricted circumstances, exhibitions were extended and new visitor navigation and safety measures enacted, but the impact was considerable and speedy: between January and March, the galleries had 160,000 visitors; 210,000 for the entire year. With lockdown, there was an urgent requirement to build on the existing digital presence and maintain the level of engagement with the public remotely.

The websites of the Gallerie d'Italia were developed to accommodate more displays of the artefacts, as well as storytelling around works, interactive and immersive content tailored to different audiences, and 3D tours with commentary from curators and new audio. In May 2020, for example, it launched a virtual tour of its exhibition of the works of Canova and Thorvaldsen sculpture in Milan: the social media campaign had eight million views and generated 462,951 interactions. The bank also assumed responsibility for supporting other cultural institutions: "Progetto Cultura has played a decisive role in supporting artistic and cultural activities which, hit badly by the emergency, are deemed to be one of the strategic factors for the relaunch and the future of Italy," said Coppola. This included sustaining and intensifying existing partnerships with Italian institutions, and launching initiatives such as the conference in December 2020 entitled "Restarting from Art and Culture", around which its relevant websites generated 1.2 million views and 15,000 interactions on social media.

The scale of the activity and the extent of the transformation is also captured in the overview presented to the Intesa Sanpaolo board by Michele Coppola in 2021, instead of the previously intended three-year-plan (now put back to coincide with the bank's own three-year-plan of 2022-2025). It considers more than 20 exhibitions, major and smaller scale, over the period across the Gallerie d'Italia. One example is illustrative both of the philosophy behind the cultural programme and the level of engagement: the photographic exhibition in Milan, between October 2020 and May 2021, entitled, "'But we will rebuild' – Bomb-damaged Milan in 1943 in the Publifoto/Intesa Sanpaolo Archive", that exhibited photographs of the damage to Milan in the Second World War alongside contemporary images from Milan in lockdown. As well as recording over 22,000 visitors, the bank commissioned analysis of digital activity around the exhibition. It included:

- The reach of streamed launch/press conference event: 400,000
- Page views: 250,000
- Interactions: 19,000
- Page views of the exhibition website: 52,300

As well as beginning and continuing initiatives in training already referred to above, the report highlights its support for partner institutions in Italy and abroad.



Cultural asset: Intesa Sanpaolo's Gallerie d'Italia in Piazza della Scala, Milan

The bank also adapted its support for festivals with which it was already associated. The Cortona on the Move photographic event of 2020 included a *Locked in Beauty* exhibit, capturing images of Italy's museums devoid of visitors, including Gallerie d'Italia. These were chosen by *National Geographic* from among over a million submissions as among the 54 most representative images of the year. The bank has

'Artistic and cultural activities are one of the strategic factors for the relaunch, and future, of Italy'

supported the Turin book festival for 14 years, and in 2020 supported its online incarnation.

Notwithstanding such challenges, and the need to support other organisations as they seek to survive the effects of the pandemic, the bank has continued to progress significant plans for its future investment in culture. 2022 will see the opening of two new Gallerie d'Italia: the offering in Naples is set to treble in size when it relocates to the Piacentini Palace, where it will combine restaurants and galleries in a 10,000 square metre space, and its programme of exhibitions will increase. The fourth Gallerie d'Italia, in Turin, a completely new departure, opened in May 2022. Intesa Sanpaolo has a significant presence in the city – it is the home of its Centre of Innovation, housed in a skyscraper that is one of the most distinctive features on Turin's skyline. At the launch of the Progetto Cultura in 2011, Turin was identified in the speech by the bank's

President Emeritus, Giovanni Bazoli, as an important future piece of the initiative which, with the other three city homes of the Gallerie d'Italia, would comprise "an unprecedented 'Grand Tour' through the stages of Italian civilisation".

As with its fellow Gallerie d'Italia, the Turin venue is intended to reflect the identity of its location, "following an organic and complementary vision, that illustrates the particular nature of each site and its specific artistic heritage". Turin has a reputation for design and innovation. It is the centre of Italy's motor industry, and is also the home of the National Museum of Cinema, and CAMERA, the Italian Centre for Photography. The new gallery "will reinforce the known historic mindset of Turin as a laboratory of the *avant garde*".

Through photography it will fulfil several roles: as a historic record; as an exhibition space for works of art; and, notably, as a means of societal investigation and a contemporaneous record: "Attention to ethical values is a formative aspect of Intesa Sanpaolo's identity... the Turin galleries will become an icon of this obligation by focusing on photography as a tool for social investigations able to convey the bank's commitment to contemporary challenges... from the climate crisis and societal challenges to sustainable development," said Coppola. He envisages the exhibition space being able to respond in "real time" to world events, and featuring projects on the bank's own relevant initiatives, such as its investment in circular economy. ■

The complete case study is available from our website (below). Intesa Sanpaolo is one of our centre's funders.

Chiefs of staff are becoming more of a feature in all kinds of organisations, but their function is often not well understood thanks to the idiosyncrasies of their position. This report from the first executive education programme of its kind reflects the skills and qualities required to meet the challenges of what is increasingly a 'destination' role.

CHIEF OF STAFF PROGRAMME REPORT: SPEAKING TRUTH TO POWER

Defining the role

- "I see my role as being the glue, the joiner: being a sounding board, providing a sanity check, speaking truth to power, being able to reflect other people's views, knowing the right time to champion certain things – and that can be bottom-up but also top-down, because you've got the context that other people perhaps don't have."

What's in a name? Job titles and career paths

Around half the programme participants used the title "chief of staff". Others reported a variety of job titles, including director of operations, special projects director and executive assistant. Some chiefs of staff have a dual role, and some have an additional role with P&L responsibility.

Typically it was the people working in military and government departments, politics or large professional service firms who held the chief of staff job title. They talked about their roles as structured and occupying a clear position in the organisational hierarchy, which gave them formal authority. However, they were aware that this formal authority was limited, and that they needed also to use influencing and political skills if they were to get anything done.

- "Your principal can stand up in front of the leadership team and say, 'this is my chief of staff, you must listen to them'. But what they say versus what actually happens once the principal is out [of the room] is very different. ..."

Even where the chief of staff role and title are established, however, the extent of authority associated with them varies according to context. For example, in politics, especially in the US, it is usual for a politician's campaign manager to become chief of staff on election. This grants authority, but it also means that the fortunes of the chief of staff

are tied directly to those of the principal: when they are out of office, the chief of staff is, too. The role of chief of staff in this environment is therefore characterised by uncertainty; in addition, there is no continuity for the organisation.

By contrast, in the military, the chief of staff reports to the position and not to an individual; the governance architecture protects the individual postholder. The challenge of being "tied" to the principal (or not) is a key issue that emerged several times during different discussions in the programme, and is relevant to all chiefs of staff, whatever their job title.

Who's in charge? Reporting lines and relationships

No two chief of staff roles are the same, although they all have a similar core.

'Even where the chief of staff role and title are established, the extent of authority associated with them varies'

The roles are negotiated individually, depending on the relationship with the principal (usually a CEO or other senior leader) and on the principal's relationship with their leadership team. In larger organisations, it is not uncommon for more than one senior leader to claim to have their own chief of staff, although the titles and duties are not necessarily the same.

- "Just because you've got the title chief of staff, that doesn't mean that's what you're doing. And other people might be doing the same as us but be called something different."

The chief of staff reports directly to their principal, and is expected to liaise with the rest of the leadership team. The exact nature of that wider relationship, however, is ambiguous: are they senior or

junior to the rest of the leadership team? Are they acting as a leader in their own right, or only as a proxy for the principal? Can they tell other leaders what to do? Who is accountable?

- "If I introduce myself, I'd be the chief of staff, but my responsibility is to make sure that the whole of my principal's leadership team moves forward, so I try to frame it a little bigger than just the one individual."
- "We've got a senior leadership team of 15 who are all more senior than me. They are in essence the staff who do the work and are accountable in a way that I'm not, but my job is to try and manage up and around them to do all the work at the right time and with the right outputs to support the principal."

While working at a very senior level in the organisation, chiefs of staff typically do not have access to many traditional sources of power: they usually do not "own" anything or manage large numbers of staff. There is an office, but it is the principal's office. There is seldom anyone reporting directly to the chief of staff.

This was a relief to many, because having a formal line management role entails one-to-ones, HR processes, and a lot of administration. They said that these responsibilities would detract from the role of chief of staff – no one has unlimited time. Indeed, one participant reported having taken the decision to move people out of their reporting line because they had been "spending so much time trying to be a great manager".

Not having a fixed place in the hierarchy gives the chief of staff the flexibility to "roam where you need to roam at the appropriate time", but it can also give them a sense of being an outsider. This can feel lonely and frustrating.

- "[People see me as] someone that everyone is just reporting to, and I'm

Among equals: participants at the inaugural Chief of Staff Executive Certification Programme in April



not a part of their group. They don't think I'm there to be a thought partner."

Challenges and opportunities within the role – individual

- "I've had the time there to really build up a reputation. And in that room I'm very fortunate to have a fantastic executive team that I'm working with that does trust me; we've spent years working together, going through some really tough situations, to be able to build up and really have that trust, integrity, honesty, and being willing to say the things that nobody ever wants to say... that's 100 per cent built on reputation."

It seems to be broadly accepted that chief of staff is a leadership role, but one that does not always carry with it direct authority – that is, power to enforce obedience. In fact, participants made a key distinction between formal authority – which they do have to a certain extent, and which is given – and informal authority, which is earned. Participants not only called on informal authority most frequently in their leadership, but believed that it was essential: formal authority alone does not make a good leader.

Formal authority derives from the job title – and here the "chief" word can be helpful – and is also reflected from the

principal. People know that the chief of staff can speak for, or at least can speak easily to, the principal.

- "Your principal has to set the tone, and be there, and empower you to

'Not having a fixed place in the hierarchy gives the chiefs of staff the flexibility to roam where they want to'

... speak on their behalf. If you don't have the 'top cover' and tone provided by your principal, you lose the power to operate, regardless of your title."

Informal authority is earned through reputation, respect, networks, and KSEB (knowledge, skills, experience and behaviours). It is also linked to "capability – being known to do that job well and being trusted to get that job done" and "being known for having an in-depth understanding of the organisation and the matter in hand".

A reputation for capability can be built on relatively "small wins...getting things done on time and being reliable; dealing with a complicated HR matter". Networks are also important: "networks that we cultivate, closed networks with trusted people; but also open networks

through which we source different opinions and foster more innovation and sense of collaboration."

These are objective attributes that contribute to informal authority. Effective leaders enhance this type of authority with influence or soft power, based on EQ (emotional intelligence or emotional quotient) and social and political skills. Qualities associated with building influence include loyalty, integrity, diplomacy, kindness, humility, and sincerity. These qualities are key to the chief of staff's ability to connect with a wide range of people across the organisation, and are also brought into play when they are required to have difficult conversations with other leaders. This can happen because the principal wants to preserve their own relationships with the senior team and not expend any social capital. The chief of staff therefore has to adopt the role of "bad cop".

Participants discussed the tactics they used in having these difficult conversations, and the skill of being able to "disagree without being disagreeable". It was useful to think about these conversations being motivated by kindness ("You're having this difficult conversation because you care about this person") and to focus not on what you're telling them to do but "how you make them feel". A particularly useful technique is asking questions, because it "comes across a lot softer and often helps people come to the conclusion on their own".

Five Cs for courageous communication

Clarify Reflect and check your own understanding of what is happening.

Corroborate Use trusted sources to confirm that this is what other people have noticed.

Context Prepare for the conversation: select environment and timing.

Conversation Initiate and guide the conversation with emotional intelligence and diplomacy. Ask open questions to help individuals identify issues and decide how to move forward.

Confirm Agree the next steps. Do you need a follow-up conversation? Do you need to flag something to other senior leaders? Do you need to talk to the strategy team? ■

Extracted from "Speaking truth to power". The full report is at www.csa.org/csa-report-april-2022. For more on the programme see www.csa.org/oxford.

What are the most effective communication styles in crowdfunding pitches, and how do expectations around gender relate to combinations of different kinds of language?

RESEARCH FOCUS: PITCH ASSERTIVENESS

Entrepreneurship research contends two things matter when pitching: what is said and how it is said. The former reflects things such as information on the quality of the venture idea, while the latter reflects how the pitch is delivered. We seek to extend our understanding of how the communication style in pitches relates to crowdfunding outcomes by focusing on a central communication style that both entrepreneurship and management research has shown to be important for resource acquisition: assertiveness. Scholars have conceptualized assertiveness as interpersonal behaviour reflecting how a focal actor presses for their own interests and ideas when they have instrumental goals that are not perfectly aligned with others on whom they are at least somewhat dependent.

Assertiveness has been shown to be relevant in a variety of situations, from leadership evaluations to entrepreneurial funding, and has even been shown to be more important than a number of personal factors (i.e., *competence, charisma, conscientious*). Importantly, assertive behaviour differs not only in degrees but also in kinds, which in turn can alter observers' perceptions of an actor's assertiveness. For example, prior research underscores the importance of whether actors utilize *certain* behaviour to indicate confidence and a resistance to yielding in pressing for their own way.

Research also acknowledges the importance of whether actors use *power* behaviour to illustrate superiority. Alternatively, actors can use *social* behaviour to accommodate or acknowledge the importance of others in pressing for their own way. Research also alludes to the importance of whether actors use *tentative* behaviour to cede ground or convey hesitancy or modesty when conveying their ideas. While research details different kinds of assertive behaviour, with some kinds of behaviour exhibiting high assertiveness and others exhibiting low assertiveness (i.e., *power* and *certain* as kinds of high assertive behaviour; *social* and *tentative*

as kinds of low assertive behaviour), scholars conceptualize kinds of high and low assertive behaviour as distinct.

Building on the above, we conceptualize the notion of *pitch assertiveness* as a communication style reflecting how and how much entrepreneurs press for their venture ideas when seeking resources from funders. Commensurate with prior research, we expect that perceptions of pitch assertiveness can change based on differences in degrees of a kind of language or kinds of language used in combination. For example, perceptions of assertiveness could increase with degrees of a specific kind of language (e.g., when her power language is above the median, she is exhibiting high assertiveness, versus when an actor's power language is below the median in a context, she is exhibiting low assertiveness). At the same time,

'Assertiveness has been shown to be relevant in a variety of situations, from leadership evaluations to entrepreneurial funding'

differences in the kinds of language an actor uses in combination can impact perceptions of assertiveness (e.g., using social and tentative language may be seen as exhibiting lower assertiveness whereas using *social* and *certain* language may be seen as exhibiting higher assertiveness).

Scholars have devoted significant attention to empirically examining the influence of assertive behaviour for women and men's ability to garner resources. However, this research has been equivocal, generating three seemingly conflicting recommendations for individuals in utilizing assertive behaviour: to align with normative expectations, to violate these expectations, or to balance kinds of behaviour that align and violate expectations. For instance, some research argues that individuals,



particularly females, benefit from aligning their assertive communication with normative expectations because doing so lowers perceptions of threat and signals a willingness to behave in accordance with existing expectations thereby enhancing the actor's influence. Conversely, some research suggests that by violating expectations, actors within a context can break from initial perceptions and prove their worthiness to audiences. Female entrepreneurs who utilize high assertive behaviour generate positive investor evaluations and acquire more resources. In a compromised approach, individuals who can balance high and low assertive behaviour can respect normative expectations without appearing too dominant.

Given that entrepreneurs seek crowdfunding within specific project categories characterized by idiosyncratic gender dynamics, attending to how normative expectations within project categories can shape funders' perceptions of pitch assertiveness is important. Our findings highlight the importance of being conscious of the gender archetype of the specific project categories within crowdfunding platforms. The project category's gender archetype determines who is expected to use high versus low assertive language, and, in turn, relates to how entrepreneurs can effectively configure the communication style in their pitches. ■

Extracted from "The right touch of pitch assertiveness: Examining entrepreneurs' gender and project category fit in crowdfunding", co-authored by our Postdoctoral Research Fellow Kevin T. McSweeney (Journal of Business Venturing, <https://tinyurl.com/ys7564n5>).

How are Big Tech platform firms successfully ‘colonising’ highly regulated industries such as healthcare and education, and what are the reputational implications?

RESEARCH FOCUS: PLATFORM FIRMS AND DIGITAL COLONISATION

While platform firms have now become prevalent in many industries, highly regulated industries such as healthcare and education had lagged behind, but there are clear signs that this has started to change. Considering these changes, we explore the entry paths of Big Tech platforms – more specifically Google (Alphabet), Amazon, Facebook (Meta), Apple, and Microsoft, also known as GAFAM – into highly regulated industries by looking at the prominent examples of healthcare and education in the context of the US and UK, where they have been most active in these industries so far.

A platform creates value thanks to its advantages in connecting different users through enhanced matchmaking and facilitating transactions among them (e.g., by connecting customers and complementors). Platforms can achieve rapid growth through highly scalable technological intermediation and reduction of various costs for transacting, matching and innovating. Platform growth is further fuelled by network effects, and this mechanism underpins how the value a user receives from a platform increases with each new user on the same side of the platform (i.e., direct network effects) and the other side of the platform (i.e., indirect network effects). More recently, there has also been the growing importance of data network effects, which refer to the increasing value users obtain from the platform in parallel with the amount of data the platform accumulates, such as better recommendations on Netflix.

Data sit at the heart of every digital platform. As such, the main logic underpinning the various market segment entries by platforms seems to aim to maximize data collection; enhance data network effects that they have already built across industries to create more value; apply their data analysis capabilities; and take precedence over existing firms while improving products/services for consumers.

This data-centric approach to platform growth and industry entry, however,

regularly raises questions on data privacy, fair competition, and the balance of value creation and value capture. These issues become even more critical in highly regulated industries where value creation becomes extremely important (e.g., patient lives saved by new technologies), and concerns around data privacy and fair competition are even more salient (e.g., medical or learning records already used by Google and others).

Highly regulated industries typically have high entry barriers and high operational and compliance costs. Industries such as healthcare and education are characterized by the heavy involvement of state and government actors. This is mainly because of the crucial strategic role these industries play in ensuring social welfare and boosting the country’s economic growth and development, but also due to the associated social

‘Our findings highlight the importance of policies and procedures in dealing with data within highly regulated industries’

ramifications in terms of access, fairness, equality, privacy, and data sensitivity.

Despite the challenges noted above, Big Tech firms are expanding their platforms into some of these industries. Recent examples include Amazon acquiring US online pharmacy Pillpack, and Alphabet-Google partnering with the United Kingdom’s National Health Service (NHS) for data sharing and AI-powered healthcare services. In 2020, the Covid-19 pandemic accelerated this trend further by causing the emergence of new initiatives. Examples include Google’s subsidiary Verily offering Covid-19 testing and tracing, and Google Education.

This article explores how Big Tech platforms enter and compete in highly regulated industries. Focusing on healthcare and education industries, we identify an entry pattern for these

platforms: they typically begin as suppliers of data-infrastructure services to incumbents such as hospitals and schools, which typically lack capabilities in data management.

In the second phase, Big Techs leverage their existing relationships as well as their data analysis capabilities to get access to the data already held by incumbent service providers. This indirect data capture, which they combine with their own direct data capture activities (e.g., through proprietary hardware such as Apple Watch and Google Tablet), then becomes an essential component of their entry pathway into the targeted industry.

As Big Tech firms combine the data they capture directly and indirectly, they can provide superior data-driven insights, which can add significant value to incumbent service providers (e.g., through saved lives, better learning outcomes, and lower costs). We find that a final component of entry for Big Tech firms is the design and commercialisation of new products and services for the highly regulated target industry, where they may end up competing with their former clients over time.

Our findings also highlight the paramount importance of a platform’s policies and special procedures in dealing with the sensitive data within highly regulated industries. While taking precautions in the use of sensitive data may seem limiting for value creation (and capture) for a platform, this is necessary as eventually, a platform’s value for its users is also driven by how well it balances its diverse stakeholders’ interests, especially in terms of data privacy and security, but also in terms of the explainability and fairness of its AI-driven activities. ■

“‘Digital Colonization’ of Highly Regulated Industries: An Analysis of Big Tech Platforms’ Entry into Health Care and Education”, co-authored by our Postdoctoral Research Fellow Dize Dinckol (California Management Review – <https://journals.sagepub.com/doi/full/10.1177/00081256221094307>).

NEWS AND EVENTS

Our centre once again supported the annual meeting of the Global Corporate Governance Colloquium (GCGC) – in Oxford over two days in June. The GCGC is a global initiative to bring together the best research in law, economics, and finance relating to corporate governance. See: <https://ecgi.global/content/2022-global-corporate-governance-colloquium-gcgc#!event-programme>.

Our director **Rupert Younger** is presenting a podcast series entitled *Global Conversations with Global Leaders*, with leading practitioners and academics. The first two were on ESG and New Power. For more information, see <https://open.spotify.com/show/6i0j6vqwFZ2qJDN2gCybJU>.

Our Intesa Sanpaolo Research Fellow **Rita Mota** presented a paper – “Human Rights, Multinational Enterprises, and Legitimacy” – co-authored with **Alan Morrison**, Professor of Law and Finance at Oxford Saïd, at the 33rd Annual Meeting of the International Association for Business and Society (IABS) in San Francisco, in June.

In July we co-hosted the fifth edition of Fraud Fest with the University of Berkeley School of Law, combining in-person presentations in New York and Oxford with online access. Our centre hosted two panels: on the Cum-Ex (German Dividend) scandal; and the investigation into King Juan Carlos of Spain (with our Visiting Fellow **Liz Young**). Other organisers/contributors included our International Research Fellow **Frank Partnoy**, Barratt Professor of Law at Berkeley Law, and journalist/author, and our Visiting Fellow, **Diana Henriques**. See: <https://berkeleyfraudfest.com>.

Publications

Our centre has had an outstandingly productive period for published research. Recent articles by our Postdoctoral Research Fellows includes:



R:ETRO SYMPOSIUM After another term of brilliant R:ETRO (Reputation: Ethics, Trust, and Relationships at Oxford) webinars, we were delighted to welcome many of our outstanding online presenters (above) from the past three years to join us in person at Worcester College for a R:ETRO symposium: two days of excellent discussion ranging from equality in the workplace to the ethics of markets and AI. The symposium programme and videos of this term's – and many previous – webinars can be found on our website (below).

Kevin McSweeney co-authored “The right touch of pitch assertiveness: Examining entrepreneurs’ gender and project category fit in crowdfunding”, in *Journal of Business Venturing*. See extract on p10.

Rita Mota co-authored “The ‘Court of Public Opinion’: Public Perceptions of Business Involvement in Human Rights Violations”, with **Matthew Amengual**, Associate Professor in International Business at Oxford Saïd, in *Journal of Business Ethics* (<https://link.springer.com/article/10.1007/s10551-022-05147-5>).

Rita Mota also co-authored “The Ontology of the Corporate Mind” with **Alan Morrison**, in *Academy of Management Review* – <https://journals.aom.org/toc/amr/0/ja>.

“Has global trade competition really led to a race to the bottom in labor standards?”, co-authored by **Alessandro Guasti**, is forthcoming in *International Studies Quarterly* (<https://ora.ox.ac.uk/>

[objects/uuid:8046ccc4-48d9-4d58-aa44-1aafd0aafd68](https://ora.ox.ac.uk/objects/uuid:8046ccc4-48d9-4d58-aa44-1aafd0aafd68)).

Dize Dinckol co-authored “‘Digital Colonization’ of Highly Regulated Industries: An Analysis of Big Tech Platforms’ Entry into Health Care and Education” with **Pinar Ozcan**, Professor of Entrepreneurship and Innovation at Oxford Saïd, and others, in *California Management Review*. See p11.

Eva Schindwein and **Rohini Jalan**, co-authored with **Tom Lawrence**, Professor of Strategic Management at Oxford Saïd, and others: “Organizational Body Work: Efforts to Shape Human Bodies in Organizations” in *Academy of Management Annals* – <https://journals.aom.org/doi/abs/10.5465/annals.2021.0047?af=R>.

Gregory Clark co-authored “Applications of the Harary-Sachs theorem for Hypergraphs” in *Linear Algebra and Its Applications* – www.sciencedirect.com/science/article/pii/S0024379522001999.

CONTACT US

We welcome your feedback. Please send any comments to: reputation@sbs.ox.ac.uk. The Oxford University Centre for Corporate Reputation is an independent research centre which aims to promote a better understanding of the ways in which the reputations of corporations, institutions and individuals are created, sustained, enhanced, destroyed and rehabilitated.

For details of our activities, previous issues of Reputation and free subscription, see: www.sbs.oxford.edu/reputation.