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Additional Research on Topic

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**PRSA Silver Anvil Award Campaign: Aflac Gives Shareholders a “Say-On-Pay”**

Every publically traded company has to balance a difficult equation: what to share over against what to keep private. Some of these decisions are made by the SEC and many are left to the discretion of the company. In 2007, Aflac became the first major U.S. public company to conduct shareholder voting on executive pay. To leverage this unique position, Aflac launched a PR campaign targeting their shareholders. This campaign is intriguing to me because Aflac pioneered “say-on-pay” which is now considered an integral piece of corporate governance.

Conditions in the investment world provided the stage for this campaign. Many companies were rewarding executives when shareholders were experiencing losses, and a momentum was building around performance based pay. In 2006, the SEC passed new compensation disclosure requirements, and a proposed law requiring “say-on-pay” was before the Senate. (“Say-on-pay,” or shareholder vote on executive pay, is an advisory, nonbinding vote that provides a retrospective vote on compensation that was awarded the previous year. This vote shows confidence or a lack thereof in the compensation committee’s actions.)

To leverage this situation, Aflac positioned itself as the thought leader on executive compensation. Aflac already held to performance based compensation for executives; as the CEO, Dan Amos explained it, “I do well only if they do well.” Aflac was well positioned for a “say-on-pay” vote because its CEO created exceptional shareholder value over his long tenure. The campaign also responded to inquiries from shareholder rights advocacy groups regarding executive compensation. “Say-on-pay” showed Aflac’s commitment to transparency.

Aflac’s “say-on-pay” campaign had three key messages: Aflac’s rationale for setting compensation for the CEO and senior executives, Aflac’s commitment to “pay-for-performance,” and Aflac’s loyalty to shareholders. Early in 2007, Aflac released a proxy statement that invited shareholders to vote on the company’s compensation. Aflac secured an exclusive national release with USA Today to improve additional placement and prominence. I found it exceptionally clever that Aflac referred reporters to pertinent shareholder activists (who typically criticize corporate governance) to provide a counterintuitive aspect to the story. The CEO, Dan Amos, was accessible for select national media and in-person interviews. Sharing Amos’ exceptional contributions and success at Aflac justified his compensation to shareholders. Aflac echoed the story until the shareholder vote for the quarterly earnings.

This campaign was successful on multiple levels. First, 236 media placements were secured and an audience of over 413 million was reached. In 2009, Corporate Responsibility Magazine added Aflac to its list of 100 best corporate citizens based on Aflac’s high level of public transparency. Aflac also started a trend as Verizon Communications, Par Pharmaceutical, Blockbuster, and Risk Metrics soon introduced “say-on-pay” as well. Most importantly, 93% of shareholders voted to affirm executive pay.

This campaign demonstrates the importance of being aware of SEC decisions, shareholder concerns, and the investment world at large. Public relations specialists in the investor relations realm must follow industry trends and leverage them whenever possible. By looking beyond its successful stock to the investment world at large, Aflac was able to leverage “say-on-pay” to position itself as the thought leader on executive compensation and clearly exhibit investor confidence.

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