

SPECIAL REPORT

# Public Diplomacy and Reputation: ideas for Spain

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**d+i** LLORENTE & CUENCA

In collaboration with:



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## 1. WHY NOW?

International communication developed by several Spanish governments has essentially and traditionally been oriented to the promotion of tourism. This has been the case since the former Minister of Information and Tourism during Francisco Franco's government between 1962 and 1969, Manuel Fraga Iribarne, adopted the famous quote "Spain is different". This quote aimed to promote the newly discovered business opportunity that mass tourism represented for the economic growth of the country, right after the Stabilization Plan of 1959 and, in addition, reaffirming the dictatorial nature of the political system in the eyes of all western governments.

Many years later, in 1983, Miró's sun appeared as part of a communication strategy by the Ministry of Industry, Tourism and Trade.

That sun represented the new Spain. A Spain emerging from a dictatorship and starting its great transformation, a transformation that was still connected to tourism, welfare and culture. Spain was still *different*.

Those were times for great changes in the country, shown by some perfect examples such as the Transition to democracy, the Constitutional Monarchy, the 1992 Barcelona Summer Olympics and the accession to the former European Economic Community.

Such marketing campaigns fulfilled the goals set, placing Spain among the first positions regarding international mass tourism.

More than 50 million foreign tourists visit Spain each year, showing the successful dimension of the business and development plan of the tourism industry.

This is why the image projected by Spain as a traditional, as well as a modern country and a great place to visit, has had an impact on international public opinion.

As Emilio Lamo de Espinosa, President of Real Instituto Elcano, and one of the first Spanish men dedicated to the study of the outer image and "what other people think" about Spain, has enjoyed stating for these last months during his outstanding public conferences: "There is no need for large surveys. The only thing we need to do is to google the word "Spain" and take a look at the resulting images".

**“We are living a period of noncharismatic leadership, a period with a lack of capacity to fulfil wishes and lead a common project”**

However, times have changed. And Spain should not insist on being “*different*”.

International relations have become more and more complex due to the creation of new sources of economic competitiveness and power. The rise of emerging markets, the consolidation of technological companies and the global citizenship manifestations point to a new rank of values and priorities.

Politics, economic management and business development, companies and financial institutions have all transitioned from hope to scepticism.

Behind most of this scepticism we find the “Great Recession”<sup>1</sup>. This decline started as a financial crisis in the United States of America due to an excessive lack of regulation in the financial sector and also due to the confusion between those activities related to retail banking and those related to investing banking.

Later, what initially looked like an American financial crisis became a government debt crisis in Europe.

Therefore, as a consequence of the combination of both aspects, the North Western Hemisphere was suddenly dragged into a major economic crisis. An economic crisis causing a tsunami in form of social crisis,

whose devastating effects will be hard to overcome.

Nonetheless, if we had to sum up and define all the events occurred in Western Europe since 2008, the best way to do so would be by identifying this period as: a trust or credibility crisis of citizens towards institutions, companies and financial entities, and as a leadership crisis found inside all these entities.

Obviously, this scepticism and leadership crisis does not only affect Spain. We are living a period of non-charismatic leadership, a period with a lack of capacity to fulfil wishes and lead a common project.

We see that the situation affecting Spain is also present in other European Union countries, such as Italy, Portugal or the United Kingdom, just to briefly point out some examples.

For these reasons, we cannot have an international relationship and dialogue model based only on traditional marketing tools; especially when we agree with Bill Lee’s thesis and with the essay he published for **Harvard Business Review**, titled “Marketing is Dead”<sup>2</sup>.

Particularly, the goal is to be equipped with more flexible tools; tools that can be better adapted to meet the

<sup>1</sup> Wessel, David: “Did ‘Great Recession’ Live Up to the Name?”, The Wall Street Journal, April 8, 2010.

<sup>2</sup> Lee, Bill: “Marketing is Dead”, Harvard Business Review, August 9, 2012

**“Public diplomacy and reputation management can represent that change in political action and defence of national interests”**

globalization needs. The State is not the only answer. And even if it has the last word in many areas of action, influence is a different issue and it can be achieved by different means.

Public diplomacy and reputation management can represent that change in political action and defence of national interests.

Now we need new order winners<sup>3</sup> based on reputation, respect and credibility. The aesthetic era is over. **We are in the ethical era. This is why we should rethink if we want to keep being “different” or if we want our national policies to be in line with European standards.**

This proposal requires matching conventional politics with public diplomacy, establishing a solid base that could work as a starting point. We need a change in three different levels.

First off, we need a leadership makeover. We need our leaders to recover the sense of civic responsibility regarding public administration and to encourage a transformation of the economic model.

Spain has attracted tourists with a very single-minded focus on

sun and beach on a relatively low price basis. So it should be possible that, from now on, Spain could start attracting start-ups who wish to settle down in Spain and start their own business. There is even a type of start-up visa, pretty usual nowadays, in countries like Chile, United States or Israel. This is something we could use as a reference.

In order to put an end to the low-cost and overexposure tourism pattern, the start-up environment needs a transformation through specific economic policies, such as tax exemptions, incentive payments and positive conditions for the incorporation of companies, among others.

Secondly, we have to recover the international trust that we have lost.

The price we pay for external funding reflects, among others, the loss of credibility of Spanish economy and financial system in the City, just to mention a variable of this problem. And not necessarily as a result of a hypothetical international Judeo-Masonic secret conspiracy, as some close-minded radicals might think<sup>4</sup>.

<sup>3</sup> Hill, Terry. *Manufacturing Strategy: Text and Cases*. 3rd ed., Boston, Irwin McGraw-Hill, 2000.

<sup>4</sup> “*Bigotry is the state of mind of a bigot: someone who, as a result of their prejudices, treats other people with hatred, contempt, and intolerance on the basis of a person’s race, gender, sexual orientation, gender identity, national origin, religion, language, socioeconomic status, or other status*”. (Wikipedia).

We are not even facing a conspiracy from the English press against Spain; even if we agree on the idea that there are no rules and that each nation uses every resource it can get to have a competitive advantage over the others. Resources that include serious Spanish mistakes regarding public and private sectors and some parties' management of the financial system.

It would be wise for some people to abandon the myth about an evil Albion. Those are the ones who still feel comfortable enough in that imaginary territory to explain, just like that and out of intellectual laziness, the reasons why Spain's current problems are being observed and narrated from the outside<sup>5</sup>.

The third concept is based on the restoration of bonds and the creation of communities of interest.

The defense of national interests abroad is no longer exclusive to the Ministry of Foreign Affairs. It has become a suitable scenario for the creation of coalitions. Now universities, companies, citizens, NGOs and media need to have a seat at the same negotiating table.

The defense of national interests abroad is not fully granted to the State anymore. Still, this entity has a preference regarding the resolution of certain conflicts and it maintains its monopoly on the negotiations with other States.

To overcome the current crisis, we need a new model.

And, considering its collaborative nature, public diplomacy is one of those transformative tools.

Political leaders need to cooperate with citizens, entrepreneurs and other institutions to generate tangible results.

We cannot have a hierarchical vertical model anymore; we need to unite our wills.

The State keeps certain exclusive powers in relation to project implementation, but it is impossible to maintain the current system without some public and private collaboration.

Metaphorically speaking, this is like a harbour where all participants of external action must arrive. All parties share a common goal; therefore it is necessary to create cooperation scenarios.

To sum up, the international arena claims that Spain has to undergo an essential change in the way of handling its external interests.

Sun and beach tourism is not enough. If we are aiming for a strategic project, public diplomacy has to be in line with conventional politics. It also has to reach the fulfilment of internal (reinforcement of the national identity) and external goals (economic diplomacy), connect with citizens and project a renewed image of the country.

In this context, Miró's sun sets.

<sup>5</sup> Augustin Louis Marie de Ximénès: *L'ère des Français*, 1793.

## 2. ON THE REGENERATION OF THE REPUTATION OF SPAIN

The Real Decreto 998/2012 from July 28th constitutes the Government High Commissioner for Marca España and modifies the RD 1412/2000 from July 21st by the Foreign Policy Council. It is an accurate idea that takes a step forward on the international projection strategy of the Spanish government.

It is, thus, a political decision that places the High Commissioner under the head of the Spanish government, on whom he functionally depends through the Foreign Policy Council. The High Commissioner also depends, organically, on the Minister of Foreign Affairs and Cooperation.

The first strength of the Commissioner resides on its organic structure and its hierarchical dependence.

The previous actions to launch the so called (maybe in a somewhat unfortunate way) Marca España initiative did not have an organic body nor a relevant one.

Just a report and a lot of isolated work that led nowhere.

This was not likely to be a priority back then.

And now we see results of the loss of credibility of the country in the international arena.

The second strength resides on the leadership of the High Commissioner.

In order for these operations to work, a centralisation of the decision-making process is required.

Only then we will be able to create long-term work dynamics, involve the work of diplomats and commercial experts, coordinate efforts and break certain patterns.

It surely is a risky decision, but it seems to be the only option for establishing a work dynamic away from the constraints of the Administration.

The third strength has been the implementation of a strong political content in the decision-making process.

National marketing campaigns should be controlled by the Government itself, not by advertising or public relations agencies.

It is the Government's duty to assess and improve national reputation backing it up with long-term solid and specific policies before leaping on to international advertising.

So, the value proposition should not only pursue a change in Miró's logotype, or in making up a slogan, or participating in a tourist fair.

Public diplomacy requires an upgrade. And that is why we believe that public diplomacy should participate in the decision-making process and it should represent an active party on the development of international projects.

Carlos Espinosa de los Monteros, High Commissioner for Marca España.



### Three scenarios

On the brink of the High Commissioner's first birthday, three strategic scenarios for its development are suggested.

The first scenario is based on becoming a platform for dialogue.

Spanish external action has lost influence due to the dissemination of its goals during the last ten years.

There is no trace of the Alliance of Civilizations' impact, nor any interest in recovering it.

An idea of this magnitude cannot depend on the individual initiative of a single Head of State.

It requires a consensus as well as specific resources related to the achievement of particular goals. And this does not seem to be the case.

The High Commissioner can take on the task of thinking through the international Spanish strategy for 2025 from different approaches. Some kind of space for discussion and debate.

Co-creation and team work are the starting points of this strategy due to a wider leeway for always staying on the sidelines of the political scene.

This model aims for the integration and recognition of stakeholders' interests and the ability to accomplish political proposals. And since this model of management identifies parties, interests and strategies, it can

suggest plans of action with some chances for succeeding.

A second scenario involves turning the High Commissioner into a platform that reinforces the Foreign Policy Council.

The management of national interests abroad needs a tool of this kind that works as an engine capable of propelling this process from some Administration sector, where ownership and, in consequence, final responsibility of the project reside.

The ability to summon and the identification of areas of work are also relevant. Particularly, this organization must encourage: the creation of work networks, the separation from international isolation dynamics and the international promotion of the Spanish plan for 2025.

This scenario would mean taking a step backwards, because it involves handing over the leadership, except for the task of coordinating agendas and interests. If this project succeeds, it would represent a great advance concerning models for managing external interests.

The third scenario consists on work acknowledgement and on the importance of Marca España.

This task begins with internal communication. This means that our country has to learn how to identify what we have done right regarding internationalization.

**“Spain should have the urge to regain respect, not affection”**

And so the activity of this entity would be confined to the institutional relations field. As a starting point, it is not bad at all.

Anyhow, whatever the goal might be, the effectiveness of Spanish public diplomacy is based on recognizing the value of international communication when emerging from the crisis. That is why public diplomacy can represent a change that makes political action a lot more cohesive.

Having stated this, we should understand that current behaviours, more than words or images, are having a more significant impact on the future of nations, its leaders, its companies and its financial institutions. In the present setting, critical influence for encouraging value, credibility and trust resides in the management of reputation more than in the usage of traditional marketing mechanisms which are becoming more irrelevant to stakeholders. And this is why we should emphasize that the Spanish government and the High Commissioner must abandon any marketing temptation to face the herculean challenges of today.

Therefore, management of Spanish reputation has to be the foundation for all future work -which is why we questioned before the choice of “Marca España” as the concept for this project-, according to the following distinctive criteria:

Our challenges are not small, nor simple, and can't be solved using shortcuts of unknown destination.

In order for this project to succeed it needs the wise combination of public policies -facts, realities and behaviours- and professional management of the Spanish reputation. It does not need a tactical use of marketing transaction and reputation transformation tools, as attractive as this may sound.

Spain should have the urge to regain respect, not affection.

A respect that is measured in different variables: risk premium, leadership between multilateral agencies, presence in international events and attracting investment and talent.

### Three urgent challenges

Political change is not very compatible with urgency. But certain hurry is needed to implement three fundamental changes in order to carry out an international strategy.

Marca España is not at stake, remaining more or less stable, as the polls from the Reputation Institute and the Observatorio Marca España of Real Instituto Elcano show.

	REPUTATION	BRAND
CONCEPT	Executive/Strategic	Marketing
FOUNDATIONS	Ethical	Aesthetic
REASON WHY	Transformational	Transactional
POINT OF VIEW	Stakeholders	Consumers
FOCUS	Facts	Words/Images
REACH	Medium-Long Term	Short-term
COMMUNICATION	Conversational	Advertising
CHANNELS	Inclusive	Unidirectional
PROJECTION	Selective	Indiscriminate

**“Both public and private collaboration is urgent: IBEX 35 representatives, Spanish Forum of Leading Brands, universities, business schools, bloggers, journalists and start-ups”**

But international respect and reputation are at stake, and that is where our position has been compromised.

The first challenge consists on giving more meaning to the Foreign Policy Council and expanding it towards an effective participation of a higher number of parties.

It is not a zero-sum game. It is a place where old and new influencers and innovators can share their international knowledge and experience.

Both public and private collaboration is urgent: IBEX 35 representatives, Spanish Forum of Leading Brands, universities, business schools, bloggers, journalists and start-ups.

The project's success will depend on the communication between stakeholders because most of the international problems Spain has can't be solved individually. They require a commitment from all of them. Yes, it truly is a complex challenge, but it will be impossible to move on if we do not have a coalition of interests.

The second challenge seeks to teach new skills to diplomats and civil servants whose main activity is developed abroad. The recent renovation of the Ministry's website along with the incorporation of four blogs is great examples of this.

The reason is that these people will still be the main participants of external action in the fields of representation, business and communication, which is gradually becoming more important.

Mediation and cross-cultural communication are now active. And there are certain skills that we need to improve, like teamwork, interdisciplinary knowledge of a country's reality and the ability to adapt. It all comes down to more adaptable diplomats who are familiar with the 2.0 virtual world, which leads us to a final idea: public institutions need to embrace social networks.

These networks are friendly by nature: a great space for sharing and for developing transnational relations, all typical Spanish features.

They might represent a great opportunity for listening to requests, talking to new influencers and establishing new ways of dealing with diasporas. To sum up, social networks represent the set of tools that hold public diplomacy.

## CONCLUSIONS

In conclusion, the present challenge for Spain and its companies and financial institutions is to restore, protect and enlarge its Reputation. A Reputation that is the most valuable asset they have for others not to question the long-term sustainability of their business model, and therefore not to lose social license to operate in the market nor its leadership role in the Concert of Nations inside the international community.

It is mandatory for Spain and, in addition, for the Spanish companies and financial institutions, to reduce



**“The aesthetic era is over. We are in the ethical era”**

the lack of trust and leadership they are facing. This way they can start focusing on that intricate labyrinth they all have to overcome.

And we have to do so in the smartest way we can. That is, using a value creation model shared with all stakeholders in a way that -as long

difficulties remain, that they will- they become the ones granting the companies and financial institutions the right to a second chance.

**The era of words is over. We are in the era of actions.**

**The aesthetic era is over. We are in the ethical era.**

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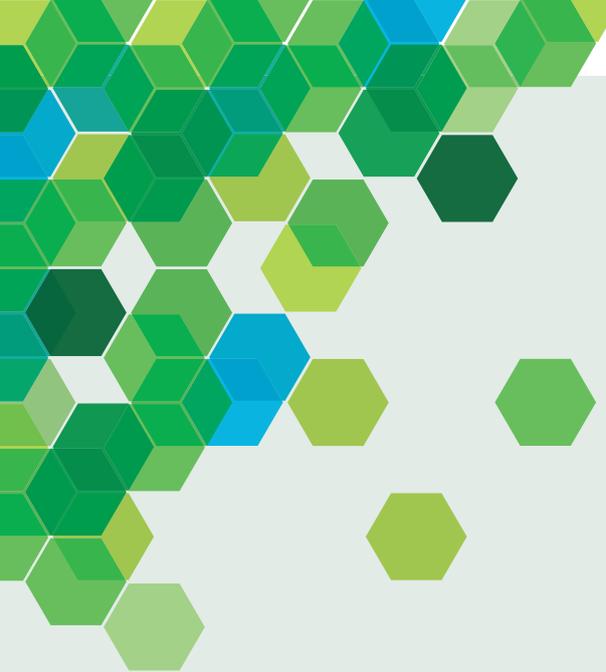
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