

Future Perfect?

Agency Leaders Reflect On The 1990s And Beyond

Earlier this summer, *The Strategist* invited a group of agency leaders to participate in a roundtable breakfast in Manhattan. Moderated by *Strategist* Contributing Editor Elizabeth Howard, the conversation touched on the changes, challenges and opportunities confronting the profession. (For more from the transcript, please go to www.prsa.org.)

Elizabeth Howard: The Internet became commercially viable in 1993, creating not only dot.commerce, but also a revolution in communication — forever changing the landscape of business. David, has the new technology changed the fundamental architecture of what we do?

David Finn: I was afraid you would ask me that question. [Laughter.] I have been around for a long time. In 1960, I remember, we were going to conduct some research with Columbia University on how the computer would likely bring change into the world of communications. We considered it carefully and decided against it. The thought was that by 1970 the world would be computer driven. And 1970 came along and it wasn't different. And 1980 came along and it wasn't different. And then 1990 came and now there is a whole new world. I don't really know what's going to happen. We see new things happening every day. There is a revolution; there's no doubt about it. But it's very hard to keep up.

Thomas Hoog: I agree with David. The change over a 30-40 year period was more evolutionary than revolutionary in nature. And the difference is that new media has been created. During that 30-40 year period of evolution, the medium didn't change.

What the 1990s brought with it was a new medium, that is the medium of the Internet. A technology, which is less controllable and much more capable of being manipulated, if you



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will. If you look at current research, one of the greatest concerns expressed by CEOs is the damage that can be caused to reputation by misuse of the Internet. It has become a tool for positive force, but it has the potential to be a tool of destruction as well. How we deal with the Internet will be critical to our profession, as we move forward beyond 2001.

Paul Hicks: I'd like to add two points. One is sort of mundane and it is the introduction of e-mail and personal communication. This is the fifth anniversary of my joining Ogilvy PR, and I can remember getting one or two e-mails a day when I first joined the firm. And it was a novelty. "Look, there's e-mail. And, look, oh, it's from London!" And now, you know a day doesn't pass when I don't get 200 to 250 — some of them actually meaningful.

I can remember having an international client, and we struggled writing memos and making sure the memos went out over the fax or they were sent via FedEx. Now, I haven't written a memo or received a letter in the office that meant anything in so long, it's astounding.

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The second part is the explosion of outlets beyond the traditional, with the potential to set up roadblocks for business.

Raymond Kotcher: Look at how other communication technologies are changing as well. Like film, television, and radio, for example. There was a lot of restructuring within those industries early on until it settled in for a period of time.

Right now I think we're in a period where, as public relations agencies and as internal public relations departments, there's an enormous opportunity to look for ways we can

Howard: Do you think the words *public relations* are still the appropriate words to define what we do?

Patrice Tanaka: I can think of another phrase that captures it better. I think of it as "constituent relations" because we're dealing with the many audiences or stakeholders who are important to our clients' businesses. Because we are still dealing with our many publics, and while it is now complicated or enhanced by a new medium like the Internet, it's still very much dealing with all the various constituencies internally and externally.



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collaboratively work together, share knowledge and information and interface with our clients. The application from a business-to-business perspective has tremendous implications for the public relations profession at large, and the agency business in particular.

Howard: Has the basic organizational architecture changed and the structure of PR agencies been altered?

Kotcher: There's no doubt about it. First, there is the speed with which we have to work today. Second, the amount of information that must be managed has multiplied geometrically. We're dealing with multinationals managing on a worldwide basis, dealing with a myriad of issues on a global basis. How do we deal with the speed? How do we handle the incredible amount of information, particularly as public relations becomes a relatively large business?

It is driving us to look at the way we structure organizations and manage the agency business.

Howard: Is *public relations* too parochial a term? Is it limiting what we are doing in the area of strategic counseling? Is the term *public relations* associated too closely with publicity?

Kotcher: What's different is the professional advisory class that has developed. And that's what we are a part of. It has grown out of corporate downsizing. When I started out 20 years ago, corporate communications departments had up to 150 people. There are few companies left that have a department that size in any one location.

We have become corporate advisors or brand advisors, depending on your position. Whereas years ago, agencies primarily handled media relations and special events. The purpose is the same, though. It's to get an endorsement from an independent third party, mostly the media, for your product, your service, your offering, your positioning.

Finn: I remember discussing the name years ago, decades ago. Is [*public relations*] the right name? *Communications*, *public affairs*, just *relations*? I think we're stuck with the phrase *public*

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relations, for better or worse. It means what we do. And we do lots of different things. We do counseling. We do strategy. We do media relations.

Hoog: If you think of it from a perceptual point of view, as it relates to a client, we suffer from still being thought of as public relations was 10-15 years ago. Our work has become much more strategic in the last decade. And yet I'm not sure that our client base has a total appreciation or understanding of what we contribute to helping them define the vision of their business. And I don't think definitions will necessarily change, just because we put a different set of words on it. But it should be a goal of the industry, as a whole, to continue to increase, to stress or dramatize the importance of communications.

Howard: How has staffing changed, from the mid-1990s, when we were looking at hiring individuals with a background in technology and the perspective of youth, to today, when the focus is on service, knowledge and strategic counseling?

Hoog: I'd probably step back a little further to the early 1990s. At that time a high percentage of our work was still what is affectionately referred to as "arms and legs." In my own experience, we've moved well beyond that, and that a greater expectation is upon us to provide strategic counsel.

Obviously, we have to still be capable of implementing our ideas, so I don't want to, in any way, shape, or form, downgrade the importance of that. But in survey after survey, the demand put on us by the client base is that we provide greater strategy and an ability to assist our clients with scenario planning. This has changed the way we approach our end, in my judgment. It's a given in our clients' minds that we understand our profession, that we are communications experts. They now have an expectation that we understand their industries as well as they understand them, and that has been dramatized in the technology field and in the health-care field. As we move forward, we're going to see more expectations of that nature. We will need to staff for these changes.

Tanaka: We're looking for the same kind of people who we have been hiring since my firm was founded in 1990. People who are interested in being part of our workplace community, who are pleasant to work with, who know how to work as a team. And people who are interested in creating a healthy, sustainable community on a larger scale. Those basic fundamentals haven't changed for us. Individuals who have a strong liberal arts background, and want to do great work.

Kotcher: The number of students who are applying for admission into the communication track is way up over the past decade. The quality of the graduates coming out of the other side of that four-year cycle has improved dramatically. Public relations has become a very desirable career track.

Hoog: It's viable as a career option.

Kotcher: And while a lot of people may not have been attracted to public relations in the past, they are attracted to the profession today. The quality of the candidates that we've been seeing over the past four or five years is higher than it has been at any time I've seen it over the past 20-25 years.

Hoog: I was going to make one other point that we haven't hit upon — that is with the changing face of America, as well as the opportunity the new mediums have given us for audience segmentation. I think the importance of the industry as a whole becoming more diverse ethnically, racially, etc., etc., is going to be increasingly important as well.

Kotcher: I couldn't agree with that more, particularly if our job is to bring great strategic and creative solutions to our clients. If we can't bring a diversity of points of view to our thinking and problem solving, it really diminishes our value.

Finn: I think that for some time now there have been more women going into public relations than men. But why are we unable to attract African-Americans into public relations? Our business, our profession, whatever you call it, has been struggling with that issue for a long, long time.

Howard: How have these changes — having an opportunity to hire the best and the brightest, for example — changed the culture within agencies?

Hoog: When we spend time with a client discussing corporate reputation, and we do research, we invariably find linkages between culture and reputation. And we, as an industry, have grown so dramatically over the past 10 years, my sense is that none of us have paid as much attention to culture as we probably needed to. We really need to look at that and say, what do we stand for, and what is the culture, what is the heart of the company, and do we have a clear differentiation, and are we true to that regardless of economic times? Culture is extremely important to our industry.

Kotcher: Our culture is at the root of our strategy. It drives everything that we do. Every piece of research that we have conducted within our organization constantly comes back to the basic principle that individuals want to be in a workplace that supports them. In a situation where they know they are being compensated fairly. That they are

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being trained so they have opportunity for advancement.

Howard: How is international business being handled? Through local offices around the globe, or coordinated through a headquarters office in a major city?

Kotcher: Back in the mid-1990s, when all of us began to see that communications in business was becoming a one-world proposition, we, again, looked at the culture as the root of our strategy.

We began to look at our agencies as a one-world proposition and broke down the walls between our offices and our practice, making sure that there was cohesion, because our clients were asking for us to work with them across practices, across geographies.

When we started that in the mid-1990s, the share of business at Ketchum on a worldwide basis was less than 25 percent. Last year, the business that was shared across more than two geographies and/or practices was almost 50 percent. So, clearly the client is asking for more expertise in terms of practice, whether it's bringing a technology perspective or different perspectives to a problem.

Howard: How do business leaders perceive what we do? And what can we do to assure that we have a seat at the table in the boardroom where the decisions are made and corporate strategy is mapped out?

Kotcher: That's a great question. And I think that we are at an important moment in our business. At the moment, we are being asked to deal on a more strategic level, because this incredible momentum of the media, messaging and information that's out there. Think about it: We only had one NBC network 15 years ago. Now we have CNBC, MSNBC, I don't know how many NBC's online. But the point is that there is a proliferation of the media and it's driving messaging, and information, and thinking so quickly today that our clients are bombarded on a 24/7 basis.

It's no longer just a question of proactive media and publicity, and gaining attention for our clients. It's also a question of how you strategically deal with all of the incoming information and the issues that are arising all the time. We must begin to think about how we recruit for new positions. What kind of skill sets do they need? If we can crack the code on that, our value will be undisputed at the upper level of our client companies today.

Hoog: Well, the trick is to get them to understand that it's a strategy that will bear fruit over a long period of time.

Along the way there'll be some bumps, but over time it pays off in increased corporate reputation, stock value, perception of management, all those attributes that *Fortune* magazine measures once a year that make up corporate reputation.

Howard: What are the threats and opportunities to our profession?

Kotcher: You are correct to bring the ideas of threats and opportunities together. The opportunity is that there's a wealth of information out there that would indicate that CEOs are more understanding and appreciative of the importance of corporate reputation. There will clearly be a linkage between corporate reputation and the ability to communicate effectively. The threat then becomes that clearly there will be other management consultancy groups attempting to enter the business when the opportunity presents itself. The further threat to us then, as well as the opportunity, is the willingness to challenge ourselves to elevate the level of our profession, so that we take full advantage of the opportunities.

Hicks: I'm always struck when I speak on college campuses. I go around the room and I say, "What do you think I do every day?" Some of the things are hilarious; some of them aren't that far off. They want to know about the last time that I had a drink with a journalist. And I tell them I actually have drinks with journalists all the time, but there are usually 800 people in the room, and it's a professional gathering, of one sort or another. So the image has lagged reality. We're professional advisors to our clients at a high-interest level that fits the marketing communications field.

Howard: What influences your thinking?

Finn: Well, I have a very unorthodox answer to the question. As you may know, I lead two lives, at least two lives. One of my lives is as a photographer of sculpture. I've been doing that for 40 years. And I've published many books on sculpture. When I photograph a sculpture, it's a three-dimensional work of art, and I have to look through my camera lens at different angles and different details in order to experience it. It's not like a painting that's flat. There are details to a painting too, but a sculpture is infinite in the ways you can look at it.

To me, that has a relevance to public relations. Because in public relations we have to look at the subject we're dealing with, the issue we're dealing with from different points of view. We have to respect those different points of view, and understand them, appreciate them. You have to learn to look, see and understand. □