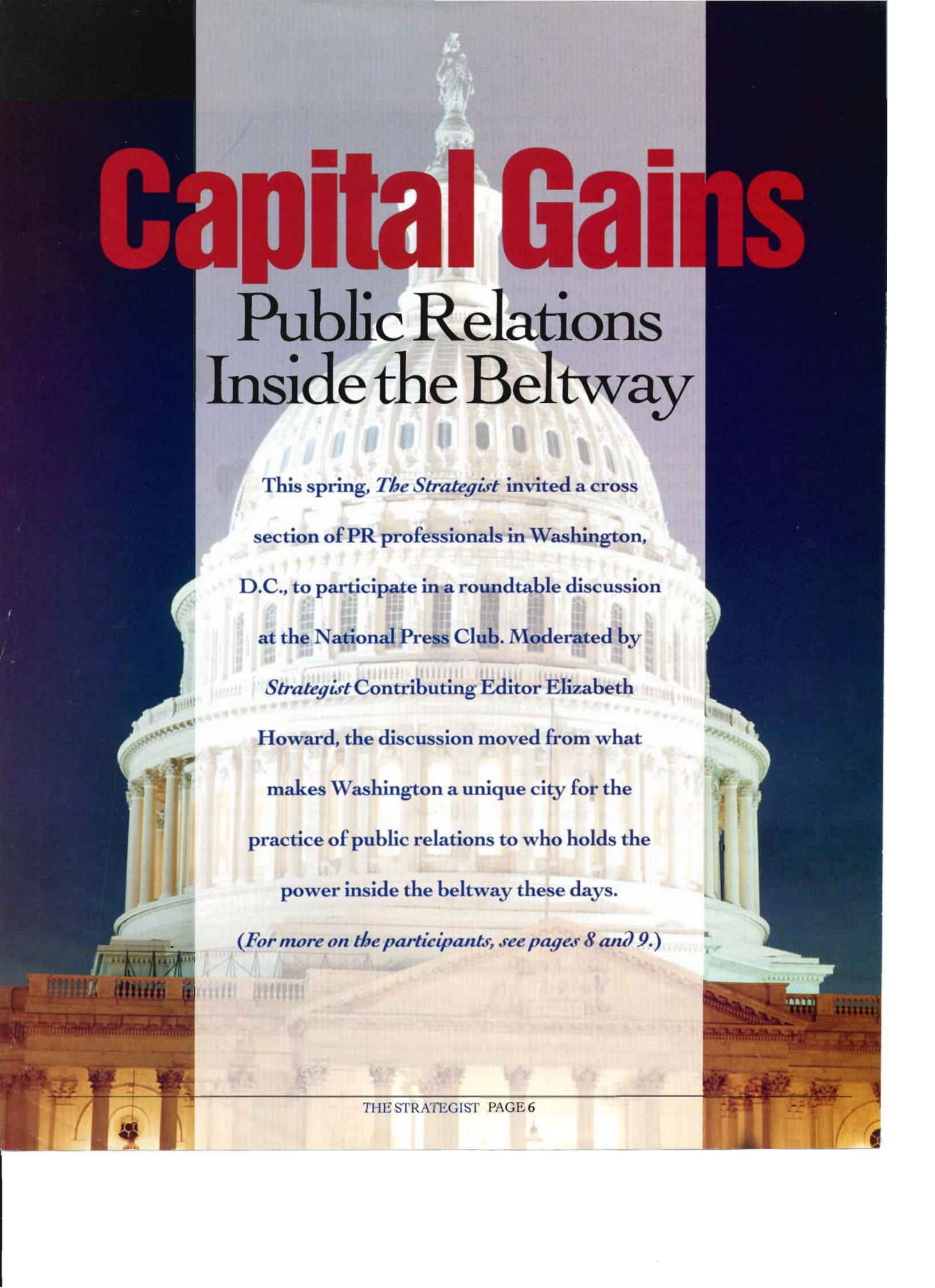




Capital Gains

Public Relations Inside the Beltway

This spring, *The Strategist* invited a cross section of PR professionals in Washington, D.C., to participate in a roundtable discussion at the National Press Club. Moderated by *Strategist* Contributing Editor Elizabeth Howard, the discussion moved from what makes Washington a unique city for the practice of public relations to who holds the power inside the beltway these days.

(For more on the participants, see pages 8 and 9.)

ELIZABETH HOWARD: What is unique about the practice of public relations in Washington, D.C.?

OFIELD DUKES: Washington, D.C., is the communications capital of the world and the heart and soul of American democracy.

BILL NOVELLI: Washington is different, and the reason, of course, is politics. It's often said that New York is about profit and Washington is about power. What's really paramount in Washington are social issues. Offices around the world will turn to Washington for support on social issues.

SUSAN MOLINARI: It is typical in Washington now to have PR and government affairs working together in one agency. If an issue is not on the government-affairs screen today, it may be tomorrow and the exchange between public relations and government affairs should be seamless.

HOWARD: Washington is described as a "company town" with government being the only business. David, you worked in the Clinton administration. Perhaps you can give us your insight into what happens when the administration shifts from, say, a centralist Democratic administration, to a conservative Republican administration.

DAVID DREYER: When I came here, Jimmy Carter was in office so we went through the Reagan transition. It can be incredibly disruptive in terms of your personal life. It changes your channels of communication with those who are in

power in the government, but it also, in essence, redistributes the contacts and the channels of communication you have more directly than they were before. I have spent 19 years in government and now I can pick up the phone and talk to people I worked with in Congress and [members of] the administration who are sprinkled throughout the business community. That's really a network that I have inherited from my period of service in government.

HOWARD: We have seen shifts in power from government to business, from business to nongovernmental organizations. Are we now seeing a shift back to government because the United States is leading a war on terrorism?

SHEILA TATE: I recognized the shift in power 10 or 15 years ago when a merger was about to take place. All the two companies cared about was Wall Street. Then, at the end of the 1980s, and at the beginning of the 1990s, what happened was that Capitol Hill and the Departments of Commerce, Justice and State became just as important and could derail a deal more quickly than Wall Street could. That's when business coverage in the media began to shift to Washington.

FRANK VOGL: I came to Washington as a journalist for *The Times of London* and we had to decide whether we'd have our economics correspondent in Washington or New York. We decided to be here because the FCC, the International Monetary Fund and the Justice Department are here. You had to have contacts in those places to cover policy, whereas you could cover business much better on the telephone. The



ROUNDTABLE PHOTOS: MARK BONDHEIT

What is unique about the practice of public relations in Washington, D.C.?
Our roundtable participants discuss at the National Press Club.



only trouble now is that big business is in Washington and nobody covers their activities. Moreover, because Washington is the power and politics story and because it is all-consuming, the amount of coverage by U.S. media of international affairs, meaning the INS, meaning the World Bank, meaning the diplomatic community on global poverty and globalization, has just disappeared. And so, believe it or not, when we place stories for our clients on global development and corruption and things like this, we go to New York and see *The New York Times* or to Los Angeles. We just forget *The Washington Post*.

HOWARD: Washington is also an association town. Many national associations are headquartered here. Has the role of associations changed?

NOVELLI: I don't think it has changed. When you look at the big associations you see companies wanting to belong to them, wanting to have power within them, and then also want-

ing to make sure that they have their own representation, and so that's what you tend to see.

LORI BARNES: I agree wholeheartedly, but to that point as well, we saw specific industries that were impacted by Sept. 11 turning to associations for guidance. For example, the Restaurant Association and the Building Owners and Managers played an important role for their members after Sept. 11. The Restaurant Association ran an advocacy campaign for their members to get people back into restaurants.

HOWARD: Bill, your business — transmitting information electronically — is technology driven. Do you see trends developing that will change how we work?

BILL McCARREN: What I see is convergence. I read an interesting article recently in *Editor & Publisher* about a new chip that's coming out that will make a 35-mm standard still camera function as a video camera. If this works, it will alter

The Participants



Lori A. Barnes, APR

Vice President, Public Affairs
American International Automobile Dealers Association (AIADA)

Highlights:

- 2002 president of the National Capital Chapter, PRSA's largest Chapter.
- Joined AIADA in 1994 as its first full-time, in-house PR pro, initiating programs that earned the association recognition as a leader in communications, grassroots lobbying strength and Capitol Hill representation.



David Dreyer Principal TSD, Inc.

Highlights:

- Senior adviser to Treasury Secretary Robert E. Rubin.
- Deputy White House communications director under President Clinton.
- Lead writer on the 1994 State of the Union address.



Ofield Dukes, APR, Fellow PRSA

President
Ofield Dukes & Associates

Highlights:

- Received the 2001 Gold Anvil Award, PRSA's highest individual honor.
- Founded the D.C. chapter of the Black Public Relations Society.
- Press secretary for Vice President Hubert Humphrey.



Bill McCarren President U.S. Newswire

Highlights:

- Founded U.S. Newswire in 1986.
- In 1993, U.S. Newswire became first press release newswire to transmit news and information for the White House Press Office.



"My years in the White House did nothing but reinforce the fact that you've got to be honest and develop your strategies based on reality and not on smoke and mirrors."

HOWARD: Sheila and David, you have both worked in government and in the White House. Is the effort to "brand" the United States going to do anything to change the anti-American feeling around the world that Frank has described?

TATE: I dislike the fact that there is an official branding effort. And I'm sorry — I probably go against a lot of people in this room on the subject — but I think if you're branding something, you do it without saying anything about it. Good public relations is based on genuine facts, and if you're distorting them, you will hurt your own cause. My years in the White House did nothing but reinforce the fact that you've got to be honest and develop your strategies based on reality and not on smoke and mirrors.

DREYER: It is counterproductive to try to brand the United States. It is an example of the kind of trumpeting of American exceptionalism that has turned the rest of the world off. There is an important story about the United States to be told, and public diplomacy is a reputable thing to be engaged in. Listening overseas to what other people say and think about us is no longer a luxury — it is something that absolutely has to be done. But to brand the United States is mission impossible. There is too much history that we have to go against. It is an extraordinarily complicated world out there, and if we are contemplating an advertising or other communications campaign for America — the good superpower, you know — it is a mistake. It's going to be counterproductive and it won't give us what we urgently need right now, which is both a clear voice about what we're trying to do in the world and a better understanding of how the world views us.

HOWARD: Bill Novelli said earlier that issues drive this town. How do you define the issues that are going to become major legislation?

TATE: We live and die by the congressional calendar. One of the things that I have been thinking about lately is how hard it is to get the press to focus on something that isn't a huge, overwhelming story.

MOLINARI: You frequently tell your clients to wait until Congress is out of session because then there's going to be a void. This will give you a chance to build up a story if you want it to be an issue that's on the front page. Anything that happens in Washington is connected to the target audience of 535 that is Congress, so when we talk about communications from a PR perspective, we keep our eye on this target audience. And it is no longer the top-10 members of Congress or the head of committees or the senior members — everybody is a player in this town now. There is much more immediacy for information in this town than in other urban centers.

NOVELLI: Sometimes — and I think we all have to be good at this — you have to go way beyond Congress or what's on the agenda. To give one example — something close to my area of interest right now — look at the demographics in this country. The country is aging rapidly and look at health care, at the long-term care system in the country. It's terrible. So you put those two things together and five years from now you've got a big crisis on your hands and so you begin to plan and work toward something. I mean it's all there in front of you and it doesn't take a rocket scientist to see it.

the news-gathering process, and it will make the great still shooters potential video sources. The ramifications for that are big for news. Public relations and the tactics we develop follow changes in news.

HOWARD: Americans have always been perceived as being parochial. However, with the war on terrorism, have Americans become more interested in international affairs and issues?

VOGL: We have become much more parochial. There are few full-time foreign correspondents in U.S. television today compared to an earlier era. When there is a crisis in the world, somebody who was covering the Persian Gulf yesterday is parachuted across the world and presented as the ace world correspondent. As long as the photo looks good, you must be an expert. We have far fewer senior reporters in all types of media with international experience, and some of those who are left often have great difficulty with their own editors in

convincing them to do stories that don't necessarily look as if they are Page One. The result is that you get a Pulitzer Prize-winning columnist in this town who has been in foreign affairs who says to me, "I'm sorry, but I don't write about Latin America. Nobody is really interested in reading about it." I don't think you would have heard that some years ago.

As a result, you have a rising influence of the think tanks. There are more of them than ever before. Many of them are well funded and have individuals who are experts and are willing to pontificate on foreign affairs. They are, in a sense, substitute reporters. So, if you are a PR person, you may want to influence the think tanks more, which is interesting.

The state of anti-Americanism around the world is incredibly profound and widespread, and it has been building. I am constantly surprised to hear in Washington how people are unaware of this. They're just insufficiently aware of attitudes of our allies and of our friends abroad and it is beginning to make it difficult to work with international clients.

The Participants



Susan Molinari

President and CEO
Ketchum/The Washington
Group

Highlights:

- Member of Congress 1990-1997.
- Delivered keynote address at the 1996 GOP National Convention, nominating Bob Dole for president.
- Former anchor of CBS-TV's "Saturday Morning."



Bill Novelli

Executive Director
and CEO
AARP

Highlights:

- Co-founder and president, Porter Novelli.
- President of the Campaign for Tobacco-Free Kids.
- Executive vice president of CARE, the world's largest private relief and development organization (\$450 million budget, 11,000 employees, 40 developing countries plus fund raising and advocacy in the United States).



Sheila Tate

Vice Chair
Powell Tate

Highlights:

- White House press secretary to First Lady Nancy Reagan.
- Press secretary to President-elect George Bush during the 1988-89 election and transition.
- Formed Powell Tate in 1991 with Jody Powell, former press secretary for President Jimmy Carter.



Frank Vogl

President
Vogl Communications

Highlights:

- Director of information and PR communications for the World Bank.
- International economics correspondent for *The Times of London*.
- Co-author with financier James Sinclair of "BOOM: Visions & Insights for Creating Wealth in the 21st Century."



HOWARD: We have talked about power and politics this morning but we haven't mentioned the technology companies and dot-coms that were headquartered in communities in and around the beltway. What is the fallout from the burst of the dot-com bubble?

TATE: There was a time when we didn't accept a client that was paying under \$25,000 to \$30,000 a month — that's how overblown the market was. That is changing rapidly. What has survived is good, solid and strong for business. There will always be a tech industry here and what is left is healthy.

MOLINARI: When you sit down now and read the stories of the wonder kids who were bankrolled based on a business structure that could not be sustained, it was bound to happen. In retrospect, it is healthy to see that some of those did not survive. It's good to know that you had to have a good business principle on which to make money as opposed to just a good idea.



"Diversity is a wonderful opportunity to advance the profession and the bottom line."

BARNES: People do talk about Washington as being all politics and power, but we have such broad-based PR professionals here. While the tech industry has suffered, there has been the return to normalcy that we've talked about in getting back to having a real business case and a strong healthy business to sustain it for the long term. We have so many opportunities still here for people with a wide range of experience. I think that is to the credit of PR pros — if you have that core base of knowl-

edge and the skills to strategize and to provide counsel, you are able to move to different positions, and the people who came out of the tech industries who had those skills are finding other opportunities.

HOWARD: What are the threats and opportunities for the PR profession?

McCARREN: Well, because so much of the service public relations delivers for clients is dependent on the news cycle, I would say the biggest threat is that in the next six months to a year, there is another major terrorist attack in the United States. While there are many things the PR community can and will do to help the country respond to such an incident, it is certain and quite appropriate that we would enter into an environment where clients will not want to do news conferences or routine but discretionary projects for 60 to 90 days. While the actual problem would be short term, the result would impact public relations for many months into the future.

As for opportunities, there are many. The need to communicate to various publics in a rapid and professional manner continues to grow. Organizations are more aware than ever of the role public relations plays in the overall success of their core missions. Technology continues to evolve to provide more opportunities and efficiencies that simply did not exist before. It is an exciting time for our profession.

DUKES: One of the great threats for the PR profession is not keeping ahead of the rapid changes, not keeping abreast, on the cutting edge of change. Earlier this year, I attended the Global Alliance International Conference of PR Executives in Johannesburg, South Africa, and one of the recommendations I made was readily accepted, and that was to develop an international database on the practice of public relations in various countries. That database does not exist in the global economy if other PR firms here are not aware of how to practice public relations in Brazil and in China and in Russia, etc. Multiculturalism and politics are factors in our ability to communicate with other countries, and the *Fortune* 500 companies now in this country are depending on foreign commerce for their bottom line.

Also, if the global marketplace is multicultural and diverse, we have to be very knowledgeable and effective in our multicultural communications. The U.S. Census says that America is more diverse now than ever before, so diversity is a wonderful opportunity to advance the profession and the bottom line.

HOWARD: How do you focus on an issue if it isn't in front of Congress yet?



TATE: Well, one way is to watch the elections every two years and watch the issues that people are responding to and reacting to and usually we see Congress begin to respond to those issues when they come back.

VOGL: Sometimes clients are impatient, and they aren't willing, necessarily, to wait their turn for their issue. They already believe it is the most important issue in the universe and can't understand how Washington doesn't recognize that. So what you might say to the client is you understand, and help them work through the preparation and background steps and, if the work is good, eventually your issue will become a major one.

HOWARD: How are your clients responding to Enron and the more recent corporate scandals such as WorldCom? Are they concerned about post-Enron legislation? What steps are they taking?

VOGL: I went to a client and said, given Enron, we can't really go out with the story we have when we've got this mess in our own backyard. As a bit of a compromise we launched our study in London and there wasn't a single question about Enron. We continued in Germany and across Europe. There were no questions about Enron. So, in fact, I got it wrong because I was overly sensitive to the Enron impact.

TATE: Many clients went right up to Wall Street and dealt with regulating agencies and made sure that their reporting systems were transparent. We have clients in a defensive

posture, too. You know we are getting calls up on the Hill and have to answer some aspect of this, and there is a huge human toll with an issue like this that we can't ignore.

DREYER: Any publicly traded company that has an annual meeting has to walk into that meeting thinking that there is going to be a vote on an annual election of the auditor, whether there should be staggered, annual or fixed terms for members of boards of directors — open microphone questions about who is on the board, what is their attendance at board meetings, who is on the audit committee. They have to worry about legislation, friends in Congress. They have to worry about a politicized business practice. They are walking into a rainstorm without an umbrella if they think this isn't going to touch them. Now, they may view it as something that they need to take the initiative on without calling public attention to themselves, but unless they are thinking proactively about what happens if this comes — they have to restate their income or profits from a previous quarter — they are going to face all of these issues in the public and they have got to be prepared for them.

Business is now learning how to deal with reporters who are covering business people the way political reporters have been covering government and government officials for some time. That is evident in the way Enron and Arthur Andersen are being covered. It is evident in the way that reputations are being assaulted right now. It is also evident in the route that people are going to have to take in order to get out of the dilemma, and that is moving from celebrity and sizzle to substance and standards. And those are the lessons that I think New York and other PR power centers need to take away from the Washington experience, given how business coverage has become politicized.

"Anything that happens in Washington is connected to the target audience of 535 that is Congress."



"As PR professionals, we all need to be aware of continuing our education."



NOVELLI: The sky is the limit. There are very few threats to public relations — it's a profession that is going to grow and prosper and bloom. The opportunities for us, for the industry, if you will, are to deal with big ideas, to deal with big social trends, to deal with the kinds of things that drive America. And the threats, essentially, are scandals and stupidity, especially ethical scandals. Ethical scandals can drive public relations — like it can drive any industry, including accounting — into the ground.

I'll go to Ofield's point about diversity. This is a country that's troubled in terms of integration. We are not an integrated society. How America deals with that provides both opportunities and problems for PR practitioners. When I travel around this country, it still bothers me that there is such criticism of government. This is bad for our democracy. So those are the kinds of threats, but these are not threats to public relations — these are threats to our system.

BARNES: As PR professionals, we all need to be aware of continuing our education. We need to learn and to grow. That's what PRSA does and what our local Chapter tried to do to provide these educational opportunities for professionals, so that they continue to grow in those areas. It's important that we all continue in our role as students every day.

VOGL: First of all, Enron and Global Crossing are not atypical episodes, especially when you've had eight years of economic prosperity. But once corporate profits recover, which will take some time, we will see more jobs, all types of jobs coming up again in public relations. Campaign finance reform may also provide some opportunities for public relations and advertising. Finally, there's a longer-term issue. Civil society and nongovernmental organizations dealing with major social issues, domestic issues — meaning the nature of democracy and ethics, both do-

mestically and internationally — will be an area of particularly explosive growth for public relations.

TATE: After 38 years in this [profession], I can tell you that the public affairs business is still in its infancy. When I see for the first time that a company has seriously come to grips with a Washington issue or I see a company that has grown so large that they have a Washington office, I know this business is unlimited. It's just starting. When you look at threats, you could generalize and say they are anything that works against your ability to communicate.

MOLINARI: I go back to the continuing function of public relations — 90 percent of what we do revolves around the media and our ability to work with, integrate and perceive media. The variety and ever-increasing number of media outlets are public relations's biggest threat and our biggest opportunity. When you have so many different ways for people to get their information, that becomes the threat. If you're successful in getting one venue, you're just reaching a targeted audience. On the other hand, it does give you an opportunity to get that message across.

DREYER: The question going forward is: How effective are we going to be? Post-Enron, we're about to undergo a cycle of reforms in both public law and in the way corporations conduct themselves, and we are going to be vital in the way that we advise them.

We are entering a new era, one of limits and regulation and control. The problem with an era of limits is that it stifles innovation and creativity and growth, and that will be a problem for companies if it stifles their ability to generate growth and it will be a problem for us if it stifles our ability to be creative. ■