

CONTENTS

Social Media1,3,5
Measurement1,4
What's Trending in PR2
Events Calendar2
CSR2,5,6
Data Dive7
The Week in PR8



SOCIAL MEDIA

Social Budgets: How Your Brand Can Spend Few Dollars on Social Media and Reap Large Rewards

Attend a gathering of communicators and it's hard to avoid hearing multiple speakers pronounce a sentence of death for organic reach on social media. "Pay to play" has become the name of the game. And it's become quite a game. A prominent Nigerian blogger has launched a site that, in a way, pays readers to visit it. Linda Ikeji stages weekly drawings where her readers can win as much as \$3,200 by visiting

the site. *The San Francisco Chronicle* reports that a very cute corgi named Sneakers commands as much as \$1,000 per **Instagram** ad from pet brands. Not coincidentally Sneakers has some 100,000 followers and is on the low end of animal social media influencers, the paper says. Other hounds with larger followings receive more money per sponsored post; heck, animals tend to do "enormously better" than humans

Continued on page 3

MEASUREMENT

BY MARGOT SAVELL, SVP, HEAD OF GLOBAL MEASUREMENT, HILL+KNOWLTON STRATEGIES' RESEARCH + DATA INSIGHTS

Why You Should Allocate Your PR Budget Surplus to Measurement Now

The clock is ticking off the minutes, hours and days until 2017. Somehow you ended up with a 2016 PR budget surplus that you didn't expect.

You're not sure how this happened after such careful planning throughout the year. You realize, though, that you have to spend every penny or your budget allocation will be smaller in 2017. It's a case of "use it or lose it" in several senses.

What to do, what to do?

It's too late in the year to plan and execute a new PR campaign. And you lack the amount you would need in the budget for another major expenditure.

But your use-it-or-lose-it situation means you need a smart solution, stat.

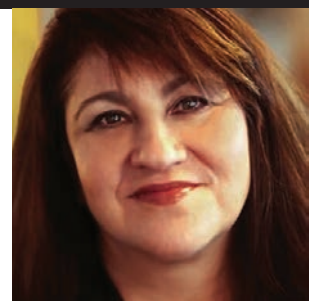
Have no fear: It's measurement to the rescue.

Why measurement?

Think of it as an opportunity to demonstrate to your company leadership that you can be resourceful and that you understand the importance of data.

In other words, use the rest of your budget in a data-driven media analysis to substantiate the influence of your 2016 PR effort and provide a strategic roadmap for 2017.

Continued on page 4



Editor, Seth Arenstein,
sarenstein@accessintel.com

Editorial Director, Steve Goldstein,
sgoldstein@accessintel.com

Graphic Designer, Yelena Shamis,
yshamis@accessintel.com

Content Manager, Sophie Maerowitz,
SMaerowitz@accessintel.com

Managing Editor, Guidebooks, Ian Wright,
iwright@accessintel.com

Director of Marketing, Lindsay Snitkovskiy,
lsnitkovskiy@accessintel.com

Marketing Manager, Rachel Scharmann,
rscharmann@accessintel.com

Account Executive, Lindsay Silverberg,
lindsay@prnewsonline.com

Publisher and VP of Marketing, Amy Jefferies,
ajefferies@accessintel.com

SVP/Group Publisher, Diane Schwartz,
dschwartz@accessintel.com

Chief Operating Officer, Heather Farley

President & CEO, Don Pazour

Group Subscriptions — Laurie M. Hofmann,
lhofmann@accessintel.com

Additional Copies & Article Reprints —
Contact Wright's Media, 877-652-5295;
info@wrightsmedia.com



Published weekly by Access Intelligence, LLC
9211 Corporate Blvd, 4th Floor
Rockville, MD 20850

Client Services:
Phone: 888.707.5814 · Fax: 301.309.3847
e-mail: clientservices@accessintel.com

New York Editorial Office:
40 Wall Street, 50th floor, New York, NY 10005
Phone: 212.621.4890 · Fax: 212.621.4879

For subscribers only: full access
to PR News article archives at
www.prnewsonline.com

UPCOMING EVENTS AND WEBINARS

**PR NEWS' WINTER-
AWARDS LUNCHEON**
DECEMBER 6, 2016
WASHINGTON, D.C.

**MEDIA RELATIONS
CONFERENCE AND
SNAPCHAT BOOT CAMP**
DECEMBER 7-8, 2016
WASHINGTON, D.C.

**DIGITAL SUMMIT &
CRISIS MANAGEMENT
BOOT CAMP**
FEBRUARY 23-24, 2017
HUNTINGTON BEACH, CA

How a Corrections Dept. Built Thought Leadership

[Editor's Note: This regular feature asks communicators to spot trends and discuss their brand's reactions to them. This week we hear from Tracy Zampaglione, public information officer, Orange County Corrections Department.]

The Trend: With the multitude of social media and online channels, it's easier than ever to push out information. Everyone with a **Facebook, Instagram** or **Twitter** account is a publisher. On the other hand, the proliferation of channels makes it fiercely competitive to get noticed. Yet if it's important that your organization or brand showcase its expertise and be seen as a principal in its field, thought leadership is one way to go. Below are some ways the Orange County Corrections Department (OCCD) is weaving thought leadership into its PR plans.

Make friends in the media. Know what reporters write about and reach out to them with story ideas. Leverage that media presence for continued coverage. A front-page story about OCCD's program for heroin-addicted inmates led to a letter to the editor, followed by another mention by a popular columnist at the *Orlando Sentinel*. Next *NPR* contacted us to cover the story.

Become a trusted information source. Being quoted in the media establishes organizational leadership. Join **HARO** (Help a Reporter Out), the clearinghouse for queries from journalists, authors, researchers, academicians and bloggers. Sign up at helpareporter.com. You'll receive three emails daily with queries. If any fit your organization, it's easy to respond via email.

Present at conferences. Conferences are ideal for establishing key players in your organization as subject-matter experts. Look for calls for presen-

tations and opportunities to share expertise and highlight your business. OCCD presents at many national conferences. Three presentations were accepted for the **American Jail Association Conference** in April 2017. Since the conference is in Orlando, OCCD is serving as host agency, providing opportunity for it to shine and offer facility tours to conference attendees.

Get published. Professional publications look for pieces from known leaders. Visit their websites for policies on submissions. Being published in a reputable journal lends credibility to your organization. Opinion pieces present platforms for thought leadership. OCCD's chief had two op-eds in the *Orlando Sentinel*.

Speak out. Accept invitations to speak, and seek them out. It's another way to spotlight your organization as a legitimate voice. At OCCD, senior leaders have delivered remarks, served on panels and were keynote speakers at events.

Win awards. Preparing thoughtful nominations for awards will reap dividends. Our chief was honored with a *Most Powerful and Influential Woman* award from the **National Diversity Council** and named the *2016 Central Florida Woman of the Year* by the **Women's Executive Council**. She is in the running for *Central Floridian of the Year*. Winning awards leads to favorable press.

Building thought leadership takes commitment and persistence. It lands you in an enviable position as a trusted source for interviews, speakers and contributions to publications. ■

Contact: Tracy.Zampaglione@ocfl.net



CSR

BY DAVE ARMON, CMO, 3BL MEDIA

IBM Study Urges Brands to Talk Online About CSR

There's a reason cash register receipts for a cup of coffee are often a foot long.

It's the same reason renting a car, taking a commercial flight or staying in a hotel results in countless emails once you've returned home.

Measuring customer satisfaction through surveys—by phone, email and face-to-face—is a key element in tracking the rise and fall of corporate reputa-



Continued on page 5

How to Spend a Little But Get a Lot on Social

in terms of engagement, Kyla Brennan, CEO of an agency that includes a unit specializing in animal influencers, tells the *Chronicle*. Another plus: Animals tend to avoid scandal much better than human social influencers.

It's understandable if the money bandied about above makes you, a communicator, gun-shy about paid social. In fact, many of the examples of sponsoring social posts you'll read about below had far smaller budgets than those dedicated to Sneakers and her furry cohorts.

As a PR pro, you've heard the advice often: Stick to the basics that you learned in Communications 101. It applies in so many situations, including thinking about paid social, according to PR pros we spoke with about the subject. And, yes, all of them have modest budgets for social media.

THINK BEFORE YOU SPEND



Stephanie Elsea, VP, Communications/Marketing, SW Affiliate, American Heart Association

"Social media is media," says Stephanie Elsea, VP communications and marketing, SouthWest Affiliate, **American Heart Association**, emphasizing the need to use the basic rules of communications when deciding on social media spending. The basics, Elsea says, include: Know your objective, know your audience, have a plan and think about your budget considerations, not only in terms of how much money you'll spend and where you will spend it, but also where and how you want to expend your effort.

When it comes to allocating human capital for social, Elsea's shop uses the one-third rule, dedicating about 33% of its time using social media to promote; 33% to share content; and 33% to conversing and engaging in the social conversation, which includes listening. For Elsea, it's not a "question of whether" to spend on social media but how to do so wisely. The Heart Association has found concentrating spending on **Facebook** "is worth the investment" as opposed to spreading dollars around to **Twitter**, Instagram and **Snapchat**, although periodically it buys Snapchat geofilters when it's staging live events that attract a young crowd.

Adds Melissa Baratta, SVP at **Affect**, "Before you put budget behind anything (in social media) think about your goals." Do you want to "grow your platform, increase traffic to your



422 people reached

Boost Post

Kristal Van Sicker

1 Share 14 Views

A \$20 Boost Goes A Long Way: For National Eating Healthy Day during election week, the American Heart Association boosted this video post on Facebook to gain awareness; the cost was \$20. Without the boost the video reached 442 people and received 14 views. The boosted post reached 7,070 people and had 2,700 views.

platform, get a product adopted, advocate a position on a topic or demonstrate third-party credibility?" This last task, demonstrating third-party credibility, is underused, she says; however, "if your brand or a product received favorable coverage" in a major publication you post the article on your site and "put money behind it" as it will likely get many more views than it would have sans money, she says.

Another way the Heart Association boosts its social presence at a minimal cost is by deploying brand ambassadors, Elsea says. Each month the ambassadors, both inside and

Continued on page 5

May 22-24, 2017 | Atlanta, GA

On May 22-24, 2017, hundreds of digital, social media, marketing and PR professionals will gather for the annual Social Shake-Up conference in downtown Atlanta. PR News is hosting this event in partnership with Social Media Today.

www.socialshakeupshow.com

Questions? Contact Jessica Placencia at jessica@accessintel.com; 301-354-1641

Measurement Can Yield Big Results for Few \$\$\$

AN END-OF-YEAR MEASUREMENT PROGRAM

The beauty of this solution is its flexible cost.

If you have \$20,000 or more to spend, you can delve deeply into your media coverage for the entire year, mining data for valuable insights and developing recommendations to drive creative strategies and outcomes in 2017.

With \$3,000-\$15,000 remaining in your budget, you can conduct high-level research into your most important 2016 campaigns or programs. A mix of quantitative analysis (the results) and limited qualitative analysis (the outcomes) can show what worked and what didn't, at a lower cost.

Why is there such a wide range? The price tag is based on the scope you choose: the number and type of metrics, the media channels (e.g., print, broadcast, social or digital), the type of analytics (e.g., paid, earned, owned or shared), the countries and languages in the coverage, the number of competitors or peers (if you are doing a competitive analysis) and the split between quantitative and qualitative analysis in your report. The broader the scope, the higher the cost.

DEEP-DIVE MEASUREMENT

If you have \$20,000 or more left in your 2016 budget, you can conduct competitive analysis in traditional, social and digital media across different business units and/or in several locations around the world.

Such research would help determine the awareness and perception of your brand in geographical markets, your target audiences' reaction to your messages and the effectiveness of your thought leadership effort as well as your executives' positioning. You can also see which strategies and tactics connected with your audiences and why. You also might find that your competitive intelligence sparks ideas for new campaigns and programs in 2017.

Specifically, your analysis can determine which messages are resonating in the media, which media channels are used most frequently by your target audiences, who are the influencers leading the conversation on topics that are important to your business and if your content was successfully amplified across channels.

HIGH-LEVEL ANALYSIS

If you have \$20,000 or less remaining in your 2016 budget, the money can still be well spent by analyzing a specific campaign or program that ran during the year. Instead of looking for trends across 12 months, your focus should be on success metrics in the time period of your campaign.

Research can tell you if your messages appeared in top-tier media channels, or if your brand generated recognition by analysts, stakeholders and other influencers. You can also find out if and how your earned media coverage and creative content were shared across channels.

To keep costs down, you can tally the results for metrics such as coverage volume, coverage by media channel and

sentiment, and just focus your insights and recommendations on coverage that spiked during the campaign. By using the lower-cost quantitative results with the more time-consuming qualitative insights, the price will not be as high as the broader-scope, deep-dive analysis.

SUMMARY

Either type of report can help validate your PR effort to senior leadership and help you plan for 2017. You also will put a stake in the ground by setting a benchmark, with baseline findings that can be compared to the results and outcomes of PR strategies and tactics throughout the new year.

You might ask how you can afford an ongoing measurement program. But how can you *not* afford to find out whether the course you're on is the correct one? It is not incomprehensible to spend 10% of your PR budget to find out the success of the other 90% through a meaningful measurement program.

Yes, according to industry standards, a meaningful measurement program typically costs 10% of a PR budget. As with most metrics, however, this number doesn't apply to all situations, particularly because your analytics approach should be customized to meet the individual needs of each company, brand or client.

For example, measurement expert and *PR News Pro* contributor Katie Paine showcased several scenarios to determine the cost of different types of measurement programs in an article in these pages. Paine urges PR pros to "Take the total budget for" the project being measured. "Factor in the importance of the project to the bottom line of the organization, and make an educated guess as to what is reasonable to spend on measuring how successful that program is." [<http://www.prnewsonline.com/topics/measurement/2014/10/27/how-to-boost-budget-for-pr-measurement/>]

In an article for the **Institute for Public Relations**, Mark Weiner, a frequent contributor to *PR News Pro*, declared that "the 10% rule is a myth" and offered five ways to determine the right amount to spend for PR research. He also noted, though, that 10% might be "just right" if you prioritize PR over other forms of marketing. As Weiner writes, "While budgeting depends on a given set of circumstances, blindly following the "conventional wisdom" will almost certainly lead to problems." [<http://www.instituteforpr.org/the-10-percent-rule-is-a-myth-five-smarter-ways-to-determine-the-right-amount-for-pr-research/>]

But all measurement experts agree that demonstrating your success is critical to every communications plan. If properly executed, ongoing analytics highlight that success and provide relevant, actionable and data-driven recommendations to shape future strategy. ■

CONTACT: margot.savell@researchdatainsights.com

outside the Association, receive material, such as graphics and blog posts, that sticks to a theme, such as research. The ambassadors then share this material socially, appending it to their personal accounts. The keys to dealing with ambassadors, Elsea says: Be consistent (when you promise to deliver material regularly, do so) and make it “extremely easy” for the ambassadors. Promoting the program constantly is a must, she adds.

CASE STUDIES: SMALL SPEND HAS BIG RESULT



Melissa Baratta,
SVP, Affect

Elsea’s unit hoped to get 27 Texas municipalities to adopt compulsory smoke-free ordinances. Its tactics included crafting 27 hyperlocal Facebook ad campaigns along with boosted posts; each campaign was tailored for an individual county. “We’d begin with a small purchase” of \$15...if we received positive engagement, “we’d increase the spend.”

When engagement was poor, messaging and/or graphics were changed. With this modest spending all 27 county ordinances were approved. Combined reach was 224,524; total website clicks/post engagements was 11,897. “Ads were the clear champion in reaching beyond our current audience,” she says.

A case where paid social didn’t work was when the Association boosted a post for an end-of-year fundraiser called 100 Lives. The post contained a great video that showed 100 people of various ages who had heart disease in less than 60 seconds. The call to action (CTA) was to donate \$10 and touch 100 people; the Association received no donations. “We were in love with our video...and wanted people to see it,” Elsea says. Instead, she says, “we should have advertised.” Boosting a post is better for an objective around

tion. It’s a big business with a clear upside for those who make their customers happy.

Companies are keen to display the **JD Power** logo to demonstrate they’ve been judged best of breed in industries from automotive to healthcare. Methodologies like Net Promoter scores can even play a role in executive bonuses.

Rankings abound, from the **Reputation Institute’s** Rep-Track lists to annual “best of” rosters. Companies strive to make the grade and proudly herald their achievements.

increasing engagement, such as likes, comments and video views. Ads are preferable, she says, “when you have a strong CTA and/or are trying to generate reach and gain followers.”

Baratta used paid social media to raise awareness for a NYC-based healthcare brand, **Axon Health Associates**. The tactic was using sponsored content to showcase thought leadership. The ultimate goal of brand awareness was building brand trust and gaining new patients. Axon promoted blog posts and other content to raise brand awareness and build community around the need for its services. Baratta says Facebook users thrive “feeling like they’re part of a community...so your content must make them feel that way.” Even when selling a product on Facebook, she says, users often aren’t asked to buy something, but to join a community where they will receive products and services. Axon spent just \$300/month for five months; it also created business profiles on **Yelp** at \$500/month. The result for the Facebook effort: 3,000 ad clicks (content & website) and 3,100 page likes. Yelp gained 539 clicks to the website, 1,251 profile views and 156 new customer leads. Ultimately Axon gained 524 new patients and the total number of patient visits grew every month for five months.

More Tips From Baratta: A small spend can be impactful; prioritize your goals; measure your efforts with “tangible, business-oriented metrics”; evaluate your paid social often, don’t “set it and forget it...look at your ads and change them weekly” if necessary. ■

[Subscribers: Materials about working with influencers can be found at the *PR Pro Essentials* page: prnewsonline.com/prnews-pro-essentials/]

CONTACT: Stephanie.Elsea@heart.org mbaratta@affect.com

THE SOCIAL MEDIA GUIDEBOOK

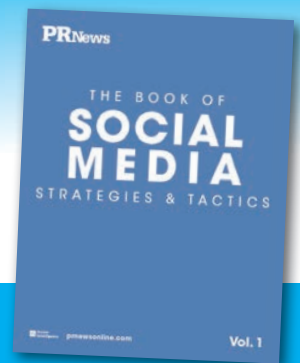
This 11-chapter guidebook focuses on communicating in a mobile and social world, winning the attention of audiences on the platforms most important to PR and marketers, social media listening strategy and technology, social media measurement and so much more.

Chapters Focused On:

- Facebook
- LinkedIn
- Pinterest
- YouTube
- Blogs
- Twitter
- Instagram
- Google+
- Tumblr
- Snapchat



Questions? Contact Laura Snitkovskiy at laura@accessintel.com
www.prnewsonline.com/social-media-guidebook-vol1



There's also frustration over a lack of transparency in the ratings process. Not knowing how you are faring against peers and competitors can hamper a company's effort to adjust programs and messaging mid-cycle.

It's little surprise then that new approaches to corporate reputation management are greeted with excitement.

A study warranting attention was unveiled during a **U.S. Chamber of Commerce Foundation** conference recently. Backed by sentiment analysis software from **IBM**, the objective was to see if companies that were vocal about their CSR received a reputational lift online and, if so, by how much.

Sentiment data was examined in 2015 and 2016, pulling from 180 million blogs, 15 million forums and a statistically valid random sample of 10% of all **Twitter** data during the period, says IBM VP Diane Melley. 28 companies in retail, manufacturing, finance/insurance and information systems were monitored. Of 557,000 general-subject "snippets" about a company analyzed during an 18-day period, 22% of the sentiment was deemed positive, 9% negative and 68% neutral.

From that large sampling roughly 18,000 snippets contained words or phrases that matched a glossary of CSR terms that Chamber researcher Lawrence Bowdish compiled. In that set of CSR snippets, 43% were judged to have positive sentiment, 6% negative and 51% neutral. The smaller number of neutral sentiment snippets about CSR topics is statistically significant and indicates companies can sway opinion by talking about topics such as community involvement and disaster relief, he says.

During the analysis period, 3.2% of content about a company concerned CSR, a small increase from an initial dive

into CSR data Bowdish did in 2015; he also did a six-month analysis to confirm findings he uncovered in the 18-day study.

The conclusion: "As companies increased their frequency of CSR content, fewer people talked about them neutrally and more talked about them positively," he says. "[CSR] works."

Additional findings and recommendations from the study:

- **Talking about CSR is ineffective in reversing existing negative sentiment.**

- **Using a more personable and descriptive writing style for CSR postings is likely to have a positive impact on sentiment.** "Too often, a lot of the things we pick up are essentially press releases. You've got to do them, I get it. But there's an opportunity to...change the language about how you talk about CSR to get people to care more deeply about what your company is doing," Bowdish says.

- **Large companies, particularly those on the Fortune 500, have better sentiment than smaller companies.** Sentiment improves when companies get larger, but achieving that kind of revenue growth is considerably harder than publishing additional CSR content online, Bowdish says.

- **Distributing a steady stream of content, including about upcoming projects and objectives, will ensure that positive sentiment is maintained, rather than experiencing ups and downs.** "A lot of companies are hesitant to talk about something until it is baked," Bowdish says. "But that means you are going to ride the waves of people talking about you." ■

CONTACT: darmon@3blmedia.com

AFLAC: CSR DONE WELL SELLS PRODUCTS, WOOS INVESTORS AND STAFF

Many of us talk about corporate social responsibility (CSR), but can we define it? A recent **Aflac** study, shared with *PR News Pro* exclusively [it resides at the *PRNews Pro Essentials Page*], found even communicators who work in CSR have various definitions for it. In a Q&A with us, Catherine Blades, Aflac's SVP, communications, says, "In the same way a person needs to do many things to be perceived as responsible, so does a company..." Although she admits the lack of a precise definition for CSR "can make things challenging" when communicators are asked

"to provide clear concise responses." While the 103-page study that polled CSR execs, investment pros and consumers concludes a strong brand reputation derived from a public CSR effort is beneficial (it helps sell products, attract investors and recruit and retain employees), nearly 40% of CSR execs believe their company's leaders are "more concerned with looking good than being good." And leaders take note: There are few shortcuts. "The age of CSR as a mere PR strategy is behind us," Blades says. Referring to a finding in the study, Blades adds, "In a



81% of consumers are more likely to purchase products from a company active in philanthropic efforts year-round as opposed to only in times of need

1 in 5 consumers say they would actually pay more for a product or service if they believe the company is socially responsible

Source: Aflac

time of increased transparency, employees, consumers, investors and others quickly distinguish between window dressing and CSR initiatives motivated by authentic compassion..." And while the study finds the most effective CSR efforts relate to a brand's

business (e.g. a lumber brand acting to preserve forests), some execs admit they choose CSR programs based on their own tastes. A tip: Earned media is the most credible means of conveying to consumers the existence and efficacy of CSR programs. ■

Veteran PR Financial Analyst Doubts Firms Are Educating Employees About Under-Charging

Rick Gould has been in and around PR for some 30 years, but even he was surprised by some of the things firms are doing, or aren't, in an attempt to reduce over-servicing clients.

Take the survey of PR firms that his firm, **Gould + Partners**, did recently. The survey inquired what firms are doing to try to reduce over-servicing clients and subsequently charging too little for their work, a problem known as scope creep.

"Almost all firms are over-servicing," Gould says, though small ones, with yearly revenue of \$3 million or less, are the major culprits. This largest group of firms often lacks sophisticated time-management systems (one he recommends is **ClickTime**) and a chief financial officer (CFO) to oversee, interpret and analyze the data such a system produces.

The largest firms, those with annual revenue of \$25 million or more, "are doing much, much better" in the area of scope creep since they have quality and sometimes custom-designed time-management systems and CFOs, Gould says. When the large firms detect over-servicing, "they nip it in the bud...the smaller ones let it go and they lose money."

FIRMS NOT GETTING IT ON YEARLY QUOTES

But to the survey results, which Gould provided exclusively to *PR News Pro*. (Eventually they will go to Gould's clients.) "I was shocked," he says, by the low response to the 2nd option, positioning the account as an annual fee to better manage monthly charges. "I thought more firms were getting it."

For example, let's say a firm responds to a client RFP by saying it can do a job for \$10K/month. "But they really can't," Gould says. In this case the firm would be much better off quoting an annual fee and "having it in its contract." In addition, he urges firms to have a clause in their agreement that allows them to assess additional billings should the client require additional services.

The other surprise for Gould was the heavy response to the last option: Educate PR firm staff to identify items outside the scope of the client agreement and get them to explain to the client that an additional cost will be involved. It's the duty of senior execs to educate younger personnel, Gould says.

While 58% of respondents said they're doing this, "I don't

think they are...maybe they *think* they are, but they're not," he says. It's understandable, though, as senior executives are doing too much client work and not spending enough time managing the business, he believes. In addition, firms are reluctant to increase charges for fear of losing the client.

The first option—be completely transparent with the client regarding time charges vs. retainer—presupposes the firm has a good time-management system that allows it to be transparent with clients. Gould gives an example where a firm says to a client, "We have a \$10K/month retainer, but we're incurring \$15K/month of time charges [on your account], so you tell us you love our work but we're losing \$5K/month." Firms need to request a \$5K/month adjustment to cover the level of services needed.

SOPHISTICATED TIME-MANAGEMENT SYSTEMS

The third option—adopt time management systems/time sheets that have more sophistication—calls for firms to issue detailed reports showing utilization, and productivity. Each firm employee not managing or doing new-business pitching should log 1,700 client hours/year; about 90% of that should be billable, he says. A good time-management system, Gould maintains, will show where each employee's hours are being spent, and break it down by client. "Spend the money on a system that will give you what you want."

Gould's summation of the survey results? "We have a lot of work to do" to raise the overall profitability of the PR industry and especially the smaller firms, which he characterizes as "horrible." Many small firms are generating profitability of less than 10% and some are even losing money. "How can a firm give raises, bonuses, have nice offices, current technology and grow with such a low bottom line?" On the upside, Gould vows to "hammer away at" scope creep, which has been a problem in the industry for decades, he says. "If we can stop [scope creep] we can add 5-10% to the average profitability of the PR industry." The smallest PR firms are "losing money or breaking even...you can't grow a firm, offer bonuses, have nice offices...even with 10% [profitability]." ■

How do you try to reduce overservicing within your firm?

	Count	Percent
Be completely transparent with client regarding time charges versus retainer	15	34.9%
Position the account as an annual fee, to better manage monthly charges	5	11.6%
Adopt time management systems/time sheets that have more sophistication	15	34.9%
Sharpen billing rate/time charges so staffers avoid overservicing their accounts	8	18.6%
Educate PR firm staffers to identify items outside of the scope and explain there is an additional cost attached	25	58.1%

*43 firms submitted responses to the survey; several of the respondents submitted multiple answers

Source: Gould + Partners provided exclusively to *PR News Pro*



K.C. Kavanagh, SVP, Global CCO, Bacardi

Stephanie Marchesi, President,
Health Sector & Eastern Region, WEPat Ford, Vice Chair, Chief Client Officer,
Burson-Marsteller and IPR Honoree

1. Whose Court? A California court is deciding whether or not to honor a clause that prohibits **Wells Fargo** customers from suing the bank over the phony accounts scandal. Should the clause hold, wronged customers will be forced to go to arbitration instead, which is considered a more benign option for the bank. Wells Fargo agreed earlier to pay \$185 million in penalties and \$5 million to customers. It's also offering affected customers free mediation services. "Wells Fargo made a big show of promising to treat...customers better, but now we can see just how meaningless that promise is," **Sen. Elizabeth Warren** (D-MA) complained Nov. 28 on **Facebook**. While it seems likely the court will rule for Wells Fargo, we're guessing the move might not play as well as in the court of public opinion.

2. ...And Courting Good PR: A better move by a brand whose customers were wronged comes from **Delta**. A customer spewing sexist invective disrupted Delta flight 248 from Atlanta to Allentown, Pennsylvania, Nov. 22. Brand communicators almost can guess what happened next: The incident was caught on video and went viral on social media, where Delta took a beating. The brand recovered well, though. In a statement Nov. 26, Delta said, "We are sorry to our customers who experienced this disruption. We have followed up with the teams involved and all agree that this customer should not have been allowed to continue on the flight...The behavior we see in this video does not square with our training or culture and follow up will continue so we can better ensure our employees will know they will be fully supported to make the right decisions when these issues arise."

The day after that statement, Nov. 27, Delta CEO **Ed Bastian** issued a memo to employees; it was also released publicly. Bastian began by thanking employees "for the amazing job you did... during the busy Thanksgiving holiday." He also seconded the Nov. 26 statement: "After questioning the customer, our team members made the best decision they could given the information they had...however, if our colleagues had witnessed firsthand what was shown in the video, there is no question they would have removed him from the aircraft. He will never again be allowed on a Delta plane. Part of being a reliable travel partner and a servant leader is acknowledging our mistakes so we can learn from them and respond more effectively in the future. Delta has apologized to the customers onboard that flight. We are also refunding those customers the cost of their tickets."

3. Still Bleeding: For a company that abhors speaking to the press, **Theranos** can't avoid staying out of the news. Word of another investor lawsuit against it came Nov. 28, and this one could snowball into a class-action suit. Just days later, Dec. 1, news broke that President-elect **Donald Trump's** choice for Secretary of Defense, **William Mattis**, is a Theranos board member. Emails show Mattis, while an Army general, pushed for the company's unproven blood-testing product to be used in the field. After retiring from the Army, Mattis joined the Theranos board. He's not the only politico, though. The bipartisan group includes Republicans **Henry Kissinger**, **George Shultz** and **Bill Frist** and Democrats **Sam Nunn** and **William Perry**. Kissinger, Shultz, Frist, Nunn and Perry will leave the board Jan. 1.

4. M&A: **Golin** launched **Golin Belgrade** in partnership with **Ruskin & Hunt**, a PR agency in Serbia. **Djordje Odavic** will lead. – **Sard Verbinnen & Co.** said it will launch **Strategic Governance Advisors** in January to advise boards and corporate leaders on governance issues important to institutional investors. – **MSLGROUP** acquired **North Strategic**, an indie PR firm based in Toronto.

5. People: The world's largest privately held spirits company, **Bacardi Limited**, named **K.C. Kavanagh** SVP, global CCO. The former **Starwood Hotels & Resorts** veteran will report to **Mike Dolan**, CEO. She replaces **Jim Gallagher**, who's stepping down Jan. 1. – **Hill+Knowlton Strategies** named former **Republican National Committee** executive director **Scott Reed** a senior advisor. He'll continue his work at the **U.S. Chamber of Commerce** while at H+K. – **WE Communications** named **Stephanie Marchesi** president, health sector and eastern region, a newly created role. Previously, she served as senior partner, CMO and managing director of global client relations at **FleishmanHillard**. – Sad news that **George Glazer**, who spent nearly three decades at **Hill+Knowlton**, passed in late Nov. "I always envied George's contacts, but moreso the respect he earned within the media world. He was one of PR's media greats," **Tom Hoog**, global vice chairman and former H+K U.S. president/CEO, told us. – Congrats to the **Institute for Public Relations** on its 60th birthday and 55th annual distinguished lecture & awards ceremony, held Nov. 30, in NYC. Props to **Burson-Marsteller** vice chair/chief client officer **Pat Ford** on his terrific acceptance speech. ■