

## **VI. EMERGING PATTERNS, TRENDS AND BETTER PRACTICES**

As stated at the beginning of this report, one of the goals of GAP II was to identify Generally Accepted Practices (GAPs), by which the authors mean those specific PR practices, and patterns or combinations of practices, that are typically found in contemporary organizations. This is an important function in and of itself because there is general acknowledgement that the profession's body of knowledge is sorely lacking in hard data regarding a variety of fairly fundamental issues.

However, it is important to distinguish these Generally Accepted Practices from so-called "Best Practices," meaning those practices that, over time, have proven themselves to be consistently reliable contributors to organizational success.

Nonetheless, in compiling the results of this study the authors have identified a number of practices and patterns that appear to have the earmarks of what can be referred to as "Better Practices." While further study will be required before these can move from the "Better" category to "Best," the authors' many years of professional and academic experience, coupled with the results of the original GAP I study, have led them to conclude that the data in support of these practices make a compelling case, statistically, circumstantially, or both.

While some readers might view some of these Better Practices as being self-evident and/or already in widespread use, their inclusion here is essential, because (1) the overall findings of this study clearly show that they are far from universally accepted and supported, and (2) if they are to be moved from the anecdotal category to that of accepted practice, they must be formally added to the body of professional knowledge, which their inclusion here will hopefully achieve.

By running statistical cross tabulations and correlations the authors were able to identify the interesting patterns, trends and Better Practices described in the following pages.

**A. When PR reports to the Executive Office** -- A comparison of companies where PR reports to the Executive Office with those where it does not reveals that the former were significantly more likely to report that:

1. Senior management support of PR is greater;
2. PR suggestions are taken more seriously;
3. PR is more involved in organizational decision-making;
4. PR is seen as being more of a contributor to organizational success;
5. PR contributes to strategic planning;
6. PR is more likely to include public affairs and executive communications among its functions;
7. The various communications-related functions are more integrated and coordinated;
8. They are less likely to use PR Agencies;
9. When agencies are hired it is on a project, rather than agency of record, basis;
10. Influence on stakeholder attitudes is used a PR metric, and
11. They see themselves as being "People first," "Democratic," "Warm," and "Visionary."

*Pattern: The data clearly suggest that PR flourishes when it reports to the Executive Office.*

*Better Practice: Seek the right reporting line -- as a rule, PR is generally better supported and most effective when it reports to the Executive Office.*

**B. When PR reports to Marketing** -- A comparison of companies where PR reports to Marketing with those where it does not reveals that the former were significantly more likely to report that:

1. The PR budget increased;
2. Product PR is among PR's responsibilities;
3. Issues Management, Investor Relations, Executive Communication, Public Affairs, and Online Communication are not among PR's responsibilities;
4. A higher percent of the budget is allocated to agency fees, agencies are hired on an agency of record basis, and agencies are used because it is cheaper than adding staff;
5. Media clips, impressions, and ad equivalency are more likely to be used as PR metrics, while influence on stakeholder attitudes and/or awareness are less likely to be used;
6. They see themselves as being "Reactive," "Autocratic," and "Profits first," and
7. **PR is less likely to be seen as contributing to organizational success.**

*Pattern: The data suggest that when PR reports to Marketing it tends to focus on product and sales-related activities rather than the broader (and sometimes more sophisticated) array of functions in which the profession can make more of a mark on organizational success, and is arguably more limited in its potential.*

*Better Practice: Define PR's mission and have it report accordingly – If an organization seeks more than marketing-related results from its PR function, that function should report to the Executive Office rather than Marketing.*

**C. When PR recommendations are taken more seriously** -- A comparison of companies where PR recommendations are taken more seriously with those where they are taken less seriously reveals that the former are significantly more likely to:

1. Allocate smaller percentages of their PR budgets to agency fees, and/or not use outside agencies at all;
2. Include crisis management among PR's functions, and
3. Describe themselves as being "autocratic."

*Pattern: The data suggest that when PR's recommendations are taken more seriously there is a greater tendency toward self-reliance, independence of action and crisis management and mitigation.*

**D. When senior management supports PR** -- A comparison of companies where PR receives higher levels of support from senior management with those where less support is given, reveals that in the more supportive companies respondents were significantly more likely to also report that PR recommendations are taken more seriously.

*Pattern: The data suggest that, while there is a statistical correlation between senior managements' openness to PR's thinking and the extent to which that thinking is taken seriously, the unstated additional factor in the equation is the quality and nature of PR's thinking, meaning the extent to which it is consistent with and supportive of organizational goals and objectives, rather than intended to create visibility for its own sake.*

*Better Practice: These data, when viewed in tandem with Item E below (which suggests a connection between perceptions of PR's contribution to success and higher PR/GR ratios), strongly suggest that the greater the extent to which the PR function is positioned as a **strategic** (rather than tactical) contributor, the higher the PR budget (relative to gross revenues) and the greater its role in setting the strategic direction of the company. The bottom line: PR should focus on the organization's overall strategic business goals, rather than more tactical communications objectives.*

**E. When the PR/GR ratio is higher** – Among the Fortune 1000, the higher the PR/GR ratio (i.e. the more dollars spent on PR for every million dollars in gross revenues), the greater the likelihood that the company reported:

1. Seeing PR as contributing to organizational success;
2. Utilizing influence on corporate reputation as a PR metric;
3. Seeing its various communications-related functions as being coordinated and integrated, and
4. Including issues advertising among PR's functions.

*Better Practice: Think and Act Strategically -- The data suggest that, at least among large organizations, there is a direct correlation between the extent to which PR is seen as an important contributor, the resources committed to it, and the importance of reputation as an asset. This reinforces the belief that the greater the extent to which PR functions as a strategic contributor (i.e. in support of organizational goals and objectives), the greater the tangible support it receives in the form of a higher PR/GR ratio.*

*Better Practice: Know your PR/GR Ratio -- While the so-called Advertising to Sales (A/S) ratio is a standard guideline in the advertising field, no such guidelines exist in PR. PR people should know their PR/GR ratios (number of dollars allocated to PR for every \$1 million in gross revenues), seek comparable data for organizations of comparable size in comparable industries, and use that data as a rationale for budgeting. While no two organizations are exactly alike, ratios will vary with size (i.e. the bigger the company, the smaller the ratio), and organizational goals in combination with market conditions dictate budgets, the PR professional should not be totally lacking in comparative budgeting models.*

**F. When companies are integrated and coordinated** -- A comparison of companies where the various PR-related functions are more integrated and coordinated with those where they are not reveals that the more integrated companies were significantly more likely to see themselves as democratic, visionary, proactive, and strategic.

*Better Practice: The data suggest that integration flourishes in an organizational environment wherein a cross-functional, collaborative approach to culture and management are practiced. The converse is also true: integration cannot be forced into an environment where organizational "silos" and/or a "turf mentality" are tolerated*

**G. When PR budgets suffer substantial cuts** – A comparison of companies where PR budgets were cut to a greater extent (i.e. more than 10%) with those where they were cut less (i.e. less than 10%) reveals that the former were significantly more likely to report:

2. Less senior management support for PR;
3. A lesser PR contribution to Strategic Planning;
4. PR's recommendations are taken less seriously;
5. Smaller PR budgets;
6. Smaller PR staffs;
7. Less PR representation in organizational decision-making;
8. Hiring outside agencies for additional arms and legs (rather than strategic purposes);
9. Less use of outside agencies;
10. More concern about agencies' ability to quantify results, and
11. Seeing themselves as being cold, short sighted, reactive, and tactical.

*Better Practice: The data suggest that substantial cuts in PR budgets hit more than just the bottom line – they are clear indicators of the relatively low importance of the PR function within the organization and a generally unhealthy environment for PR, and they are probably best avoided.*

**H. Budgets and Reputational Reserve** -- “Most Admired” companies cut their PR budgets by larger percentages than companies of comparable size that are not on the Fortune list. They are probably better able to afford such cuts because of their larger base investments in PR and the strength of their existing reputations.

*Better Practice: Build a Reputational Reserve -- An appropriate investment in building reputation will better position an organization to maintain that reputation, at lower cost, during difficult economic times.*

I. **When various methods of PR evaluation are utilized** -- The authors organized methods of PR evaluation into four groupings, or “factors:”

1. The Culture/Strategy Evaluation Factor, which includes influence on corporate culture, employee morale, business rankings, corporate strategy, and crisis avoidance/mitigation.
2. The Corporate Reputation Factor, which includes influence on stakeholder awareness, stakeholder attitudes, corporate reputation, and share of voice.
3. The Media Tools Factor, which includes ad equivalency, content analysis, media impressions, and number of clips.
4. The Sales Factor, which includes influence on sales, profitability, and market share.

They then ran statistical correlations for these four factors with the answers to all of the other GAP II questions and found that:

a. *The higher respondents’ Culture/Strategy Factor score (i.e. the greater the extent to which they utilized the metrics included in that factor, as indicated by how they scored each metric on a 1 – 7 scale), the more likely they were to report that:*

- Senior management supports PR;
- PR recommendations are seriously considered;
- PR contributes to strategic planning;
- The internal communications-related functions are integrated and coordinated;
- Agencies are hired based on pre-approved lists of agencies or criteria;
- PR definitely contributes to organizational success, as does every other typical function except Finance;
- Issues management, crisis management, philanthropy, executive communication, and internal communication are included among PR’s functions;
- Their companies are visionary, proactive, warm, flexible, and profitable;
- **The PR budget was increased;**
- Agencies are hired to complement internal staff and for their unique expertise, and
- Their companies are publicly owned.

b. *The higher respondents' Corporate Reputation Factor score (i.e. the greater the extent to which they utilized the metrics included in that factor, as indicated by how they scored each metric on a 1 – 7 scale), the more likely they were to report that:*

- Senior management supports PR;
- PR recommendations are taken seriously;
- PR contributes to strategic planning;
- The internal communications-related functions are integrated and coordinated;
- Agencies are hired based on pre-approved lists of agencies or criteria;
- PR, Marketing, and Security contribute to the success of the organization;
- Issues management and advertising, executive communication, philanthropy, online communication, and consumer affairs are among PR's responsibilities;
- The organizations are warm, flexible, democratic, visionary, humble, diverse, proactive, and strategic, and
- **PR is seriously considered in organizational decision-making.**

c. *The higher respondents' Media Tools Factor score (i.e. the greater the extent to which they utilized the metrics included in that factor, as indicated by how they scored each metric on a 1 – 7 scale), the more likely they were to report that:*

- PR contributes to strategic planning;
- PR reports to finance or marketing;
- Product PR and investor relations are included among PR's responsibilities;
- A higher percent of the PR budget is allocated to agency fees, and
- They use agencies on ongoing agency of record or ad project hoc bases.

d. *The higher respondents' Sales Factor score (i.e. the greater the extent to which they utilized the metrics included in that factor, as indicated by how they scored each metric on a 1 – 7 scale), the more likely they were to report that:*

- PR contributes to strategic planning;
- PR is represented in organizational decision-making;
- Crisis management is included among PR's responsibilities, and
- Their organizations are diverse and proactive.

Pattern: The data suggest that (1) adherents to the Culture/Strategy Factor and the Corporate Reputation Factor enjoy many benefits that the others do not; (2) adherents to the Media Tools Factor, which is probably the most widely employed, definitely suffer in comparison with the first two and may come up short relative to the fourth; and (3) adherents to the Sales Factor, which is probably the least often employed of the four, appear to be taken seriously within their organizations. Based on these data one could easily hypothesize that almost any method is better than a media-based method.

Better Practice: Reach beyond media-based evaluation -- Many companies are beginning to move beyond such simplistic – and even questionable – outputs-based methods of evaluation as number and/or circulation of media clips, ad equivalencies, basic content analysis, etc., and are increasingly considering such outcomes-based factors as the opinions and attitudes of key stakeholders, internal culture, etc. Also, measures having the greatest potential impact on organizational leadership (contribution to sales, share, etc.), while currently at the bottom of the list of techniques in terms frequency of use due to a lack of adequate measurement tools, probably offer the greatest potential.

Better practice: Develop industry-wide measurement standards – PR must, as a profession, develop generally accepted methods of measurement and evaluation that demystify the function, just as advertising has done. While advertising methodologies definitely have their faults, they at least (1) provide a common terminology, (2) establish a framework for measurement, and (3) focus attention where it should be – generating results – rather than the lack of a way to measure those results.

**J. When outside agencies are used** -- The authors grouped respondents' reasons for working with agencies into two groupings, or "factors:"

1. The Strategic Agency Usage Factor, which includes those respondents that gave higher scores on (a 1-7 scale) to these reasons for using agencies: "strategic market insight," "objective point of view, and "ability to quantify results."
2. The Tactical Agency Usage Factor, which includes those respondents that gave higher scores on (a 1-7 scale) to these reasons for using agencies: "offset limitations on internal headcount," "cheaper than adding staff," and "additional arms and legs."

They then ran statistical correlations for these two factors with the answers to all of the other GAP II questions and found that:

*The higher the score on the Strategic Agency Usage Factor (i.e. the greater the extent to which a respondent adhered to strategic reasons for working with agencies), the greater the likelihood they were to:*

1. **Have their PR budgets increased from the previous year;**
2. Receive stronger support from senior management;
3. Perform the Marketing PR function;
4. Say that their various PR-related functions are integrated and coordinated;
5. Work with an ongoing agency of record, and
6. Be concerned about agencies' knowledge of their business.

*The higher the score on the Tactical Agency Usage Factor (i.e. the greater the extent to which a respondent adhered to tactical reasons for working with agencies), the greater the likelihood they were to:*

1. **Have smaller PR/GR ratios;**
2. Report that their senior managements believe that PR and HR contribute to organizational success;
3. Be concerned about the return on their agency investment, and
4. Be public companies.

*Pattern: The data suggest that (1) those that adhere to the Strategic Factor enjoy considerable benefits that the other does not, including greater financial support, and (2) their handling of the Marketing PR function (even though they probably do not report to Marketing, as evidenced by their degree of support from senior management) may have helped them budgetarily.*

- K. Concerns About Using Outside Agencies** – On a related note, the data reveal that respondents who gave higher scores to financial concerns about working with agencies (cost, ROI, etc.) were also significantly more likely to:
1. Hire firms for “additional arms and legs” and to “complement internal staff,” rather than for strategic reasons.
  2. Describe themselves as arrogant, homogenous, and tactical, and
  3. Not use outside agencies.

*Pattern: The data suggest that there may be a “Catch 22” at work with these companies. Either they do not hire agencies because of cost concerns, OR when they do hire agencies they use them for tactical purposes, perhaps preventing them from demonstrating the strategic and creative added value that might allay their concerns about cost. However the latter view is reinforced by their self-described arrogant and tactical cultures.*

*Better Practice: Use PR agencies appropriately – When viewed in tandem with the preceding Item I, these data suggest that, if the situation warrants and allows, it is advisable to: (1) select an agency based on its ability to provide strategic added value rather than simply additional arms and legs; (2) work with the firm on an ongoing, rather than sporadic basis, and (3) make certain that, at the beginning of the relationship, there is absolute clarity and a mutual comfort level regarding all financial and staffing aspects of the relationship.*

**L. Internal Staff vs. Outside Agencies** – Interestingly, the data reveal that there is a significant negative correlation between the percentage of total PR budget that is allocated to PR agency fees and the percentage of PR budget allocated to internal salaries. In other words, as the percent of budget allocated to agencies fees increases, the percent of budget allocated to internal salaries decreases.

*Pattern: The data suggest that there may indeed be an “either/or” dynamic at work through which companies choose to either build substantial internal staffs or outsource much of their work.*

*Better Practice: When making decisions about the allocation of resources to internal versus external staff, it is important to bear in mind that in all likelihood these will be “either/or” decisions that will diminish the odds of having substantial budgets for both; money spent on one will most likely adversely affect the investment in the other.*

**M. Ethics** – “Most Admired” and other responding companies are equally likely to describe themselves as being highly “ethical.” This suggests that the current business climate and recent spate of corporate scandals may have had a telling effect on organizational self-perception and behavior.

*Better Practice: Focus on ethics --The PR function should serve as an advocate for the important role ethical business practices play in establishing and maintaining a positive organizational reputation.*