

SECTION B – AN OVERVIEW OF ORGANIZATIONS THAT DO/DON'T APPEAR ON THE *FORTUNE* “MOST ADMIRABLE COMPANIES” LIST

This section examines the similarities and differences between the organizations that are included on the list of *Fortune*'s “Most Admired Companies” and those that are not. Sixty-nine of the survey respondents are included in the Most Admired Companies (MAC), representing approximately 12% of *Fortune*'s list, and 257 are designated as non-MACs.

It is important to note that MACs tend to be larger (i.e., Fortune 1000) companies. For this reason, care must be taken to compare MACs only with like-sized non-MACs. In this study, 62 % of the total respondents are among the Fortune 500; 23 % are among the Fortune 501-1000; and, 15% are among the Fortune 1001-20000.

I. SUMMARY OF OVERALL FINDINGS AMONG MACS AND NON-MACS

Overall, a definite pattern emerges when comparing the public relations and cultural characteristics of MACs with those of non-MACs of comparable size. While the specific characteristics vary in terms of the extent of their statistical significance, the MACs clearly emerge as being more likely to:

- 1) have their PR function report to the Executive Office and *not* Marketing.
- 2) have larger PR staffs.
- 3) use PR agencies
- 4) dedicate larger percentages of gross revenues for PR budgets
- 5) have larger PR budgets
- 6) make greater use of an “Agency of Record.”
- 7) have reduced their budgets by greater percentages.
- 8) have greater support for PR from senior management.
- 9) use crisis mitigation/avoidance as a means to measure PR effectiveness.
- 10) be perceived as more ethical, proactive, and anticipatory.

To summarize, MACs appear to make greater commitments to PR, have more access to and support from senior management, work with PR agencies on a more consistent basis, and view themselves as being both honest and proactive (especially in terms of crisis preparedness/pre-emption).

The fact that MACs have reduced their PR budgets by greater percentages than non-MACs is probably due to their higher base expenditures on PR (as measured by percent of revenue dedicated to the PR function) and have built stronger “Reputational Reserves” on which to draw during difficult times.

II. RESPONDENT DATA

The following sections present detailed comparisons between MACs and non-MACs. In several cases, no substantial differences existed between them.

Public vs. Private MACs

	Number of Respondents	% of Total Respondents
Private	6	9%
Public	63	91%
Total	69	100%

Observation

MACs tend to be public companies, perhaps because (1) by definition, public companies disclose more information than private companies, thus making it easier to evaluate their performance, and (2) public companies may be more likely to seek recognition as MACs.

Respondents By Company Size

Table B2: MAC vs. Non-MAC Respondents By Company Size (Gross Revenues)			
<i>Revenue Categories</i>	<i>MAC or Not</i>	<i>Respondents Average Revenue (in millions)</i>	<i>Number of Responses</i>
\$6 Billion + [Fortune 500]	Non-MAC	18605	29
	MAC	25923	43
	Total	22976	72
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	3968	9
	MAC	4755	16
	Total	4472	25
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	2188	35
	MAC	2367	7
	Total	2218	42
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	1028	48
	MAC	906	3
	Total	1020	51
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	291	52
	Total	291	52
Less than \$100M [Fortune 20000+]	Non-MAC	27	38
	Total	27	38
Total	Non-MAC	3400	211
	MAC	17537	69
	Total	6884	280

Significant Findings

- 1) Not surprisingly, MACs have higher revenues in all categories.
- 2) MACs in the Fortune 501-1000 have significantly higher revenues than non-MACs in that category.

Respondents by ROA

Table B3: MAC vs. Non-MAC Respondents' Average Return On Assets (%)			
<i>Revenue Categories</i>	<i>MAC or Not</i>	<i>Average ROA</i>	<i>Number of Responses</i>
\$6 Billion + [Fortune 500]	Non-MAC	1.91	12
	MAC	2.14	35
	Total	2.08	47
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	3.10	6
	MAC	2.28	15
	Total	2.51	21
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	3.09	11
	MAC	-3.60	6
	Total	0.73	17
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	1.34	23
	MAC	2.90	1
	Total	1.40	24
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	3.97	13
	Total	3.97	13
Less than \$100M [Fortune 20000+]	Non-MAC	-1.68	4
	Total	-1.68	4
Total	Non-MAC	2.19	69
	MAC	1.58	57
	Total	1.92	126

Significant Findings

- 1) Because there is no significant difference between MACs and non-MACs in global ROA, we hypothesize that reputation plays a substantial role in MAC recognition. .

Respondents by Total Average PR Budgets

Table B4: MAC vs. Non-MAC Respondents' Total Average PR Budgets			
<i>Revenue Categories</i>	<i>MAC or Not</i>	<i>Average PR Budgets (in millions)</i>	<i>Number of Responses</i>
\$6 Billion + [Fortune 500]	Non-MAC	2.92	23
	MAC	13.87	24
	Total	8.51	47
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	1.69	6
	MAC	2.65	10
	Total	2.29	16
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	3.00	25
	MAC	1.54	6
	Total	2.72	31
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	1.43	37
	MAC	2.18	3
	Total	1.49	40
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	1.56	40
	Total	1.56	40
Less than \$100M [Fortune 20000+]	Non-MAC	0.47	29
	Total	0.47	29
Total	Non-MAC	1.76	160
	MAC	8.72	43
	Total	3.23	203

Significant Findings

- 1) Among the Fortune 500, on average MACs spend a larger percentage of Gross Revenue on PR. In fact, PR budgets are more than *four times larger* than those of non-MACs.
- 2) Among the Fortune 501-1000 category, MACs spend \$1.61 for every dollar spent by non-MACs.
- 3) The higher the ROA, the higher the PR budget.
- 4) Given the fact that there is no reported difference in percent of revenue among MACs and non-MACs, the difference may actually be in *how* the money is spent.

Changes In PR Budgets

Table B5: MAC vs. Non-MAC Has PR Budget Increased, Decreased Or Remained Flat In Current FY?					
		Decreased	Remained Flat	Increased	Total
MAC	Number of Respondents	29	24	16	69
	<i>% within MAC</i>	<i>42%</i>	<i>35%</i>	<i>23%</i>	<i>100%</i>
Non-MAC	Number of Respondents	85	88	81	254
	<i>% within Non-MAC</i>	<i>33%</i>	<i>35%</i>	<i>32%</i>	<i>100%</i>
Total	Number of Respondents	114	112	97	323
	<i>% within MAC or not</i>	<i>35%</i>	<i>35%</i>	<i>30%</i>	<i>100%</i>

Significant Findings

- 1) 23% of MACs increased their PR budgets over the last year, as compared with 32% of non-MACs.
- 2) 42% of MACs decreased their budgets, as compared with 33% of non-MACs.

As previously mentioned, these differences are probably due to MACs higher base expenditures on PR (as measured by percent of revenue dedicated to the PR function) and their stronger “Reputational Reserves.”

Average Percentile Budget Change

Table B6: MAC vs. Non-MAC Average % Budget Change			
<i>Revenue Categories</i>	<i>MAC or Not</i>	<i>Average % Budget Change</i>	<i>Number of Responses</i>
\$6 Billion + [Fortune 500]	Non-MAC	-2%	23
	MAC	-3%	26
	Total	-3%	49
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	-3%	6
	MAC	-3%	12
	Total	-3%	18
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	-3%	27
	MAC	-5%	7
	Total	-3%	34
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	-4%	40
	MAC	-5%	2
	Total	-4%	42
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	-1%	44
	Total	-1%	44
Less than \$100M [Fortune 20000+]	Non-MAC	-3%	26
	Total	-3%	26
Total	Non-MAC	-2%	166
	MAC	-4%	47
	Total	-3%	213

MACs also reduced their budgets by a greater margin than non-MACs. Again, this is probably due to MACs higher base expenditures on PR (as measured by percent of revenue dedicated to the PR function) and their stronger “Reputational Reserves.”

Average % of Gross Revenues Dedicated to PR Budgets (PR/GR Ratio)

Table B7: MAC vs. Non-MAC Average % Of Gross Revenues Dedicated To PR Budgets			
<i>Revenue Categories</i>	<i>MAC or not</i>	<i>Average %</i>	<i>Number of Responses</i>
\$6 Billion + [Fortune 500]	Non-MAC	.02%	23
	MAC	.05%	20
	Total	.03%	43
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	.04%	5
	MAC	.06%	9
	Total	.05%	14
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	.13%	20
	MAC	.06%	6
	Total	.12%	26
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	.14%	33
	MAC	.03%	3
	Total	.13%	36
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	.77%	37
	Total	.77%	37
Less than \$100M [Fortune 20000+]	Non-MAC	2.38%	27
	Total	2.38%	27
Total	Non-MAC	.69%	145
	MAC	.05%	38
	Total	.56%	183

Significant Findings

- 1) The average PR/GR ratio (amount spent on PR budgets for every dollar of gross revenue) among MACs is 0.05 cents: \$1 vs. 0.69 cents: \$1 among non-MACs.
- 2) Among the Fortune 500, MACs dedicate a substantially higher percentage of their gross revenues to PR than non-MACs, enabling them to build their “Reputational Reserves” and sustain larger percentile budget cuts than non-MACs during difficult economic times.
- 3) The same holds true, but to a lesser extent, among the Fortune 501-1000.

% of Gross Revenue Dedicated to PR Budgets By Industry

Table B8: MAC vs. Non-MAC Average % of US Gross Revenues Dedicated To PR Budgets Within Different Industry Categories Among MACS				
<i>1-Digit SIC</i>	<i>MAC or not</i>	<i>Average</i>	<i>N</i>	<i>% of Total N</i>
Manufacturing	Non-MAC	.17%	34	21
	MAC	.06%	12	7
	Total	.14%	46	28
Utilities and Transportation	Non-MAC	.33%	16	10
	MAC	.04%	13	8
	Total	.20%	29	18
Trade	Non-MAC	.32%	12	7
	MAC	.06%	4	2
	Total	.26%	16	10
Finance, Insurance, and Real Estate	Non-MAC	.62%	23	14
	MAC	.02%	5	3
	Total	.51%	28	17
Services	Non-MAC	1.51%	41	25
	MAC	.08%	4	2
	Total	1.38%	45	27
Total	Non-MAC	.72%	126	77
	MAC	.05%	38	23
	Total	.57%	164	100

Significant Findings

There is a significant difference between MACs and non-MACs in the Trade and Service sectors; otherwise, there are no significant correlations.

PR Function Reporting Lines

Table B9: MAC vs. Non-MAC To Which Area Does Your PR Function Report?				
		MAC or not		Total
		MAC	Non-MAC	
Report to Executive Office	[# of Resp.]	[42]	[115]	[157]
	<i>% Within</i>	70%	47%	52%
Report to Marketing	[# of Resp.]	[10]	[68]	[78]
	<i>% Within</i>	17%	28%	26%
Report to HR	[# of Resp.]	[2]	[14]	[16]
	<i>% Within</i>	3%	6%	5%
Report to Legal	[# of Resp.]	[3]	[9]	[12]
	<i>% Within</i>	5%	4%	4%
Report to Finance	[# of Resp.]	[1]	[7]	[8]
	<i>% Within</i>	2%	3%	3%
Report to more than one	[# of Resp.]	[2]	[31]	[33]
	<i>% Within</i>	3%	13%	11%
Total	[# of Resp.]	[60]	[244]	[304]
	<i>% Within</i>	100%	100%	100%

Significant Findings

- 1) PR reports to the Executive Office 70% of the time among MACs, versus only 47% among non-MACs.
- 2) Only 3% of MACs report to multiple functions (i.e. Executive Office, Marketing, etc.) versus 15% of non-MACs.

Average PR Staff Size

Table B10: MAC vs. Non-MAC PR Staff Size			
Revenue Categories	MAC or Not	Average	Number of Respondents
\$6 Billion + [Fortune 500]	Non-MAC	46	29
	MAC	84	42
	Total	69	71
\$3.1-\$6 Billion [Fortune 501-1000]	Non-MAC	11	9
	MAC	14	15
	Total	13	24
\$1.6-\$3.1 Billion [Fortune 1001-2000]	Non-MAC	16	34
	MAC	8	6
	Total	15	40
\$580M-\$1.6 Billion [Fortune 2001-5000]	Non-MAC	8	47
	MAC	4	3
	Total	8	50
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	7	51
	Total	7	51
Less than \$100M [Fortune 20000+]	Non-MAC	4	36
	Total	4	36
Total	Non-MAC	14	206
	MAC	58	66
	Total	24	272

Significant Findings

- 1) Overall, MACs have larger PR staffs than non-MACs: Average staff size for MACs is 58; non-MACs is 20.
- 2) The PR staffs of Fortune 500 MACs are twice as large as those of Fortune 500 non-MACs.
- 3) The same is true, but to a much lesser extent, among Fortune 501-1000.
- 4) There is a significant correlation between ROA and the number of PR people on staff among MACs in all revenue categories. This correlation *does not* exist among non-MACs.
- 5) The greater the number of PR people in a MAC, the higher the ROA and vice versa.

Industry Hypothesis

A possible interpretation of these findings is that companies that are financially healthy and have strong reputations value their reputations more highly and invest greater internal resources to maintain them – an investment they can better afford to make due to their strong ROAs. **The result: a virtuous cycle of reputation enhancement.**

PR Staffs Size By Industry Category

Table B11: MAC vs. Non MAC PR Staff Size By Industry Category				
1-Digit SIC	MAC or not	Average Staff	Number of Respondents	% of Total N
Manufacturing	Non-MAC	15	64	24
	MAC	48	27	10
	Total	25	91	34
Utilities and Transportation	Non-MAC	15	20	7
	MAC	68	19	7
	Total	41	39	14
Trade	Non-MAC	6	14	5
	MAC	31	5	2
	Total	13	19	7
Finance, Insurance, and Real Estate	Non-MAC	9	33	12
	MAC	29	8	3
	Total	13	41	15
Services	Non-MAC	12	74	28
	MAC	25	5	2
	Total	13	79	29
Total	Non-MAC	12	205	76
	MAC	49	64	24
	Total	21	269	100

* Note: In categories where there are fewer than 8 respondents, the figures for staff size are too small to be used for decision-making purposes

Significant Findings

- 1) In all industry categories, MACs have larger PR staffs. This is especially true in the Utilities/Transportation sector, where average PR staff size among MACs is nearly five times larger than non-MACs.

III. AGENCY USAGE STATISTICS

Do/Don't Use PR Agencies

Table B12: MAC vs. Non-MAC % That Do/Don't Use PR Agencies				
Revenue Categories		Average	Number of Respondents	% of Total N
\$6 Billion + [Fortune 500]	MAC	0.93	40	15
	Non-MAC	0.86	28	11
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	1.00	15	6
	Non-MAC	0.78	9	3
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	1.00	7	3
	Non-MAC	0.84	32	12
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	1.00	3	1
	Non-MAC	0.80	46	17
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	0.80	49	19
Less than \$100M [Fortune 20000+]	Non-MAC	0.83	35	13
Total	MAC	0.95	65	25
	Non-MAC	0.82	199	75
\$6 Billion + [Fortune 500]		0.90	68	26
\$3.1-\$6 Billion [Fortune 501-1000]		0.92	24	9
\$1.6-\$3.1 Billion [Fortune 1001-2000]		0.87	39	15
\$580M-\$1.6 Billion [Fortune 2001-5000]		0.82	49	19
\$100M-\$580Billion [Fortune 5001-20000]		0.80	49	19
Less than \$100M [Fortune 20000+]		0.83	35	13
Total		0.85	264	100

Significant Findings

1. Within the Fortune 500, the use of PR agencies among MACs is more nearly universal (95%) than it is among non-MACs (86%).
2. In the Fortune 501-1000, 100% of MACs use agencies, as compared with only 78% of non-MACs.

3. In the Fortune 1001-2000, 100% of MACs use agencies, as compared with 84% of non-MACs.
4. There is no correlation between ROA and use of agencies. This suggests that financial success, in itself, is not an indicator of agency usage. Indeed, distressed companies are often more in need of external support than healthy ones.

Percent of PR Budget Allocated to Agency Fees

Table B13: MAC vs. Non-MAC % PR Budget Allocated To Agency Fees				
Revenue Categories		Average	Number of Respondents	% of Total N
\$6 Billion + [Fortune 500]	MAC	25	22	11
	Non-MAC	25	18	9
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	10	11	6
	Non-MAC	6	6	3
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	15	6	3
	Non-MAC	22	23	12
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	30	3	2
	Non-MAC	29	35	18
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	18	41	21
Less than \$100M [Fortune 20000+]	Non-MAC	26	31	16
Total	MAC	20	42	21
	Non-MAC	23	154	79
\$6 Billion + [Fortune 500]		25	40	20
\$3.1-\$6 Billion [Fortune 501-1000]		9	17	9
\$1.6-\$3.1 Billion [Fortune 1001-2000]		21	29	15
\$580M-\$1.6 Billion [Fortune 2001-5000]		29	38	19
\$100M-\$580Billion [Fortune 5001-20000]		18	41	21
Less than \$100M [Fortune 20000+]		26	31	16
Total		23	196	100

Significant Findings

- 1) While they are more likely to use agencies, MACs do not allocate a greater percentage of their PR budgets to agency fees than non-MACs. This suggests that one of the keys to their reputational success is in how they spend their money with agencies, rather than how much they spend with agencies.

Percent of PR Budget Allocated to Agency Direct Expenses

Table B14: MAC vs. Non-MAC % PR Budget Allocated To Agency Fees for Direct Expenses				
Revenue Categories		Average	Number of Respondents	% of Total N
\$6 Billion + [Fortune 500]	MAC	20	16	10
	Non-MAC	20	17	11
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	14	8	5
	Non-MAC	5	5	3
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	4	4	2
	Non-MAC	28	23	14
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	68	2	1
	Non-MAC	18	27	17
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	10	33	20
	Non-MAC	16	26	16
Less than \$100M [Fortune 20000+]	Non-MAC	16	26	16
Total	MAC	20	30	19
	Non-MAC	17	131	81
\$6 Billion + [Fortune 500]		25	40	20
\$3.1-\$6 Billion [Fortune 501-1000]		9	17	9
\$1.6-\$3.1 Billion [Fortune 1001-2000]		21	29	15
\$580M-\$1.6 Billion [Fortune 2001-5000]		29	38	19
\$100M-\$580Billion [Fortune 5001-20000]		18	41	21
Less than \$100M [Fortune 20000+]		26	31	16
Total		23	196	100

There are no significant differences between MACs and non-MACS as relates to percent of budget dedicated to PR.

Nature of Agency Relationships

Table B15: MAC vs. Non-MAC Nature Of Agency Relationships						
Revenue Categories	MAC or Not		Agency of Record	Pre-Approved Firms	Pre-Approved Criteria	Ad Hoc Basis
<i>\$6 Billion + [Fortune 500]</i>	MAC	Average	0.62	0.22	0.11	0.49
	Non-MAC		0.57	0.26	0.13	0.39
	MAC	Number of Respondents	37	37	37	37
	Non-MAC		23	23	23	23
	MAC	% of Total N	16%	16%	16%	16%
	Non-MAC		10%	10%	10%	10%
	Total	Average	0.60	0.23	0.12	0.45
		Number	60	60	60	60
		% of Total N	26%	26%	26%	26%
<i>\$3.1-\$6 Billion [Fortune 501-1000]</i>	MAC	Average	0.67	0.13	0.07	0.33
	Non-MAC		0.57	0.00	0.14	0.86
	MAC	Number of Respondents	15	15	15	15
	Non-MAC		7	7	7	7
	MAC	% of Total N	7%	7%	7%	7%
	Non-MAC		3%	3%	3%	3%
	Total	Average	0.64	0.09	0.09	0.50
		Number	22	22	22.00	22.00
		% of Total N	10%	10%	10%	10%
<i>\$1.6-\$3.1 Billion [Fortune 1001-2000]</i>	MAC	Average	0.43	0.29	0.29	0.71
	Non-MAC		0.60	0.23	0.10	0.40
	MAC	Number of Respondents	7	7	7	7
	Non-MAC		30	30	30	30
	MAC	% of Total N	3%	3%	3%	3%
	Non-MAC		13%	13%	13%	13%
	Total	Average	0.57	0.24	0.14	0.46
		Number	37	37	37	37
		% of Total N	16%	16%	16%	16%

* Note: Revenue Categories below Fortune 2000 were too small to be used for decision-making purposes

Significant Findings Regarding Nature of Agency Relationships (Chart Previous Page)

- 1) Overall, Agency of Record is the most favored type of agency relationship among MACs and Non-MACs.
- 2) MACs are less likely to use agencies for projects on an ad hoc basis than Non-MACs.
- 3) This suggests that, on the whole, MACs have more stable and consistent agency relationships than non-MACs.

Average Number of Agencies Used

Table B16: MAC vs. Non-MAC Number of Agencies Used								
<i>Number of Agencies</i>	<i>MAC or Not</i>	<i>Revenue Categories</i>						
		<i>\$6 Billion +</i>	<i>\$3.1-\$6 Billion</i>	<i>\$1.6-\$3.1 Billion</i>	<i>\$580M-\$1.6 Billion</i>	<i>\$100M-\$580Billion</i>	<i>Less than \$100M</i>	<i>Total</i>
0	MAC	3						3
	Non-MAC	4	2	5	9	10	6	36
1	MAC	6	5	4	1			16
	Non-MAC	5		9	16	20	15	65
2-3	MAC	19	6	2	1			28
	Non-MAC	13	3	12	19	16	12	75
4-5	MAC	6	3	1	1			11
	Non-MAC	1	3	4	2	3	2	15
6-7	MAC	1	1					2
	Non-MAC	2	1	2	1			6
8-9	MAC	4						4
	Non-MAC	2						2
10+	MAC	1						1
	Non-MAC	1						1
Total	Total MAC	40	15	7	3			65
	Total Non-MAC	28	9	32	47	49	35	200

Significant Findings Regarding Number of Agencies Used

- 1) Among the Fortune 500, MACs are substantially more likely to work with a single agency than non-MACs, consistent with their preference for agency of record relationships.

Reasons for Working With Agencies

Table B17: Reasons for Working with Agencies									
Revenue Categories	MAC or Not		Objective point of view	Strategic/ market insight and experience	Ability to quantify results	Offset limitations of internal staff	Cheaper than adding staff	Easier than adding staff due to limits on internal "head count"	Senior management expects me to
\$6 Billion + [Fortune 500]	MAC	Average	55%	65%	20%	60%	55%	28%	15%
	Non-MAC		79%	88%	33%	75%	33%	50%	13%
	MAC	# of Resp.	40	40	40	40	40	40	40
	Non-MAC		24	24	24	24	24	24	24
	MAC	% of Total N	17.09	17.09	17.09	17.09	17.09	17.09	17.09
	Non-MAC		10.26	10.26	10.26	10.26	10.26	10.26	10.26
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	Average	50%	69%	6%	63%	19%	38%	6%
	Non-MAC		57%	86%	14%	86%	29%	57%	14%
	MAC	# of Resp.	16	16	16	16	16	16	16
	Non-MAC		7	7	7	7	7	7	7
	MAC	% of Total N	6.84	6.84	6.84	6.84	6.84	6.84	6.84
	Non-MAC		2.99	2.99	2.99	2.99	2.99	2.99	2.99
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	Average	50%	50%	17%	50%	17%	83%	0%
	Non-MAC		44%	78%	11%	70%	33%	37%	11%
	MAC	# of Resp.	6	6	6	6	6	6	6
	Non-MAC		27	27	27	27	27	27	27
	MAC	% of Total N	2.56	2.56	2.56	2.56	2.56	2.56	2.56
	Non-MAC		11.54	11.54	11.54	11.54	11.54	11.54	11.54
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	Average	33%	67%	0%	67%	33%	67%	0%
	Non-MAC		49%	58%	14%	70%	37%	28%	12%
	MAC	# of Resp.	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Non-MAC		43.00	43.00	43.00	43.00	43.00	43.00	43.00
	MAC	% of Total N	1.28	1.28	1.28	1.28	1.28	1.28	1.28
	Non-MAC		18.38	18.38	18.38	18.38	18.38	18.38	18.38
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	Average	46%	62%	21%	67%	31%	26%	10%
		# of Resp.	39.00	39.00	39.00	39.00	39.00	39.00	39.00
		% of Total N	16.67	16.67	16.67	16.67	16.67	16.67	16.67
Less than \$100M [Fortune 20000+]	Non-MAC	Average	38%	76%	17%	69%	28%	28%	3%
		# of Resp.	29.00	29.00	29.00	29.00	29.00	29.00	29.00
		% of Total N	12.39	12.39	12.39	12.39	12.39	12.39	12.39
Total	MAC	Average	52%	65%	15%	60%	42%	37%	11%
	Non-MAC		50%	70%	18%	70%	33%	33%	10%
	MAC	# of Resp.	65.00	65.00	65.00	65.00	65.00	65.00	65.00
	Non-MAC		169.00	169.00	169.00	169.00	169.00	169.00	169.00
	MAC	% of Total N	27.78	27.78	27.78	27.78	27.78	27.78	27.78
	Non-MAC		72.22	72.22	72.22	72.22	72.22	72.22	72.22

Significant Findings Regarding Reasons for Working with Agencies

- 1) Among Fortune 1000 MACS and Non-MACS alike, “Strategic Market Insight and Experience” is the most often cited reason for working with agencies. (This is somewhat less true for MACS.)

- 2) Among Fortune 1000 MACS and Non-MACS alike, “Offset Limitations of Internal Staff” is the second most often reason cited for working with agencies, although this is less true for MACS.
- 3) Among Fortune 1000 MACS and Non-MACS alike, “Objective Point of View” is the third most often cited reason for working with agencies.

Observation: MACs have larger internal staffs and dedicate smaller percentages of their total PR budgets to agency fees. Therefore, MACs use agencies to provide intellectual and strategic added value. This complements the strong internal capabilities of MACS *rather than* what is commonly referred to in the industry as “extra arms and legs.”

Concerns About Working With Agencies

Table B18: MAC vs. Non-MAC What Concerns Do You Have About Working With Agencies?											
<i>Revenue Categories</i>	<i>MAC or Not</i>		<i>Cost</i>	<i>Perceived Return On Investment</i>	<i>Staff Turnover</i>	<i>Junior Level of Assigned Team</i>	<i>Lack of Knowledge/Insight Into Our Business</i>	<i>Vague policy Regarding Conflicts</i>	<i>Ability to Quantify Results</i>	<i>No Concerns</i>	
\$6 Billion + [Fortune 500]	MAC	Average	76%	41%	39%	49%	61%	7%	34%	0%	
	Non-MAC		86%	48%	34%	62%	66%	7%	14%	7%	
	MAC	Number of Respondents	41	41	41	41	41	41	41	41	
	Non-MAC		29	29	29	29	29	29	29	29	
	MAC	% of Total Respondents	15%	15%	15%	15%	15%	15%	15%	15%	
	Non-MAC		11%	11%	11%	11%	11%	11%	11%	11%	
	Total	Average		80%	44%	37%	54%	63%	7%	26%	3%
			N. of Resp.	70	70	70	70	70	70	70	70
			% of Total N	26%	26%	26%	26%	26%	26%	26%	26%
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	Average	88%	63%	44%	50%	50%	6%	31%	0%	
	Non-MAC		100%	67%	22%	56%	78%	11%	33%	0%	
	MAC	Number of Respondents	16	16	16	16	16	16	16	16	
	Non-MAC		9	9	9	9	9	9	9	9	
	MAC	% of Total Respondents	6%	6%	6%	6%	6%	6%	6%	6%	
	Non-MAC		3%	3%	3%	3%	3%	3%	3%	3%	
	Total	Average		92%	64%	36%	52%	60%	8%	32%	0%
			N. of Resp.	25	25	25	25	25	25	25	25
			% of Total N	9%	9%	9%	9%	9%	9%	9%	9%
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	Average	71%	57%	14%	43%	43%	0%	0%	0%	
	Non-MAC		79%	52%	27%	36%	61%	0%	24%	0%	
	MAC	Number of Respondents	7	7	7	7	7	7	7	7	
	Non-MAC		33	33	33	33	33	33	33	33	
	MAC	% of Total Respondents	3%	3%	3%	3%	3%	3%	3%	3%	
	Non-MAC		12%	12%	12%	12%	12%	12%	12%	12%	
	Total	Average		78%	53%	25%	38%	58%	0%	20%	0%
			N. of Resp.	40	40	40	40	40	40	40	40
			% of Total N	15%	15%	15%	15%	15%	15%	15%	15%

* Note: Revenue Categories below Fortune 2000 were too small to be used for decision-making purposes

Significant Findings Regarding Concerns of Working with Agencies (Chart on Previous Page)

- 1) MACs among the Fortune 1000 rank Cost as their number one concern. Other concerns about working with agencies differ among MAC Fortune 500 and Fortune 501-1000 as follows:
 - a. Fortune 500: Lack of Knowledge/Insight into our business; Junior Level of Assigned Team; Perceived Return on Investment; and, Agency Staff Turnover
 - b. Fortune 501-1000: Perceived Return on Investment; Junior Level of Assigned Staff and Lack of Knowledge/Insight are equally ranked; and, Agency Staff Turnover.
- 2) Similarly, Non-MACs among the Fortune 1000 rank Cost as their leading concern; other concerns about working with agencies among Non-MAC Fortune 500 and Fortune 501-1000 are, in rank order:
 - a. Fortune 500: Lack of Knowledge/Insight into Our Business; Junior Level of Assigned Staff; Perceived Return on Investment; and, Staff Turnover.
 - b. Fortune 501-1000: Lack of Knowledge/Insight into Our Business; Perceived Return on Investment; Junior Level of Assigned Staff; and, Staff Turnover.
- 3) MACs in the Fortune 500 are more concerned with “Ability to Quantify Results” than non-MAC Fortune 500 organizations.

IV. METHODS OF PUBLIC RELATIONS EVALUATION

There are significant differences between MACs and non-MACs in the types of PR evaluation methods used as shown on the following chart.

PR Evaluation Methods

Table B19: MAC vs. Non-MAC of Companies Using Various PR Evaluation Methods (Scale of 1-7)

Revenue Categories	MAC or Not	Ad Equiv of Clips	Content Analysis of Clips	Contrib. to Market Share	Contrib. to Profitability	Contrib. to Sales	Crisis Avoidance/ Mitigation	Inclusion in Rankings	Infl. on Stakeholder Attitudes	Infl. on Stakeholder Awareness	Infl. on Corp. Reputation	Infl. on Share of voice	Infl. on Stock Performance	Infl. on Corp. Culture	Infl. on Corp. Strategy	Infl. on Employee Attitudes/morale	Total Number of Clips	Total Circulation/ Impressions
\$6 BIL. + [Fortune 500]	MAC	2	5	2	3	3	5	5	4	5	5	4	4	5	4	5	4	4
	Non-MAC	3	5	3	2	3	4	4	5	5	5	4	3	5	4	5	4	4
	Total	3	5	3	3	3	5	5	5	5	5	4	3	5	4	5	4	4
\$3.1-\$6 BIL. [Fortune 501-1000]	MAC	3	4	3	3	4	5	4	6	6	6	4	3	4	4	5	3	4
	Non-MAC	3	4	2	2	2	3	4	4	4	5	3	4	3	4	5	5	4
	Total	3	4	3	3	3	5	4	5	5	6	4	3	4	4	5	4	4
\$1.6-\$3.1 BIL. [Fortune 1001-2000]	MAC	2	3	3	3	3	4	4	4	4	5	5	3	4	4	4	3	3
	Non-MAC	3	4	3	3	3	4	3	4	4	5	4	3	5	4	5	4	4
	Total	3	4	3	3	3	4	4	4	4	5	4	3	5	4	5	4	4

Significant Findings Regarding Effectiveness Measures (Chart Previous Page)

- 1) MACs in the Fortune 500 (the business category most heavily represented in the “Most Admired Companies” list) cite inclusion in business rankings (i.e. “Most Admired Companies”) as an effectiveness measure substantially more often than do non-MACs. This response, when combined with previous findings re. MAC budgets, staffing, etc., suggests that MACs aggressively seek and invest in strong reputations and the establishment of “Reputational Reserves.”
- 2) Among the Fortune 1000, MACs rely far more on “Crisis Avoidance/Mitigation as a measure of PR success than do non-MACs.
- 3) MAC respondents in the Fortune 501-1000 are more likely to use the following effectiveness measures than non-MACs: influence on stakeholder attitudes and stakeholder awareness; contribution to market share, profitability and sales.
- 4) Non-MACs in the Fortune 501-1000 categories rely heavily on “total number of clips” than do their MAC counterparts.

V. SENIOR MANAGEMENT VIEWS/SUPPORT

How Senior Management Ranks Seven Common Functions' Contribution to Success

Table B20: MAC vs. Non-MAC Respondent's Views Re. How Their Senior Management Ranks the Contributions Made by the Following Functions to Their Companies' Success?						
<i>1=Does Not Contribute Significantly, 7= Contributes Significantly</i>						
<i>Revenue Categories</i>						
	<i>\$6 Billion + [Fortune 500]</i>		<i>\$3.1-\$6 Billion [Fortune 501-1000]</i>		<i>\$1.6-\$3.1 Billion [Fortune 1001-2000]</i>	
	MAC Rank	Non-MAC Rank	MAC Rank	Non-MAC Rank	MAC Rank	Non-MAC Rank
<i>Finance</i>	6.30	6.17	6.50	6.88	6.86	6.30
<i>Marketing</i>	5.93	5.76	5.53	6.13	6.57	5.70
<i>Information Technology</i>	5.77	5.57	5.50	6.13	6.43	5.52
<i>Strategic Planning</i>	5.60	5.45	5.33	5.88	6.14	5.48
<i>PR</i>	5.47	5.31	5.31	5.75	6.00	5.45
<i>HR</i>	5.47	5.28	5.31	5.63	6.00	5.30
<i>Legal</i>	5.47	5.21	5.00	5.13	5.86	5.21
<i>Security</i>	4.40	4.11	3.69	4.63	5.14	4.18

Significant Findings

- 1) Among the Fortune 500 (the category in which most MACs fall), MACs rank PR fifth, in a dead heat with Legal and HR, but behind Strategic Planning, IT, and marketing.
- 2) MACs rank Strategic Planning second, while non-MACs of comparable size rank it fourth; this clearly suggests that strategic planning plays a greater role in MAC than in non-MACs. This is an important distinction since smaller organizations tend to not have separate Strategic Planning functions.
- 3) While not included on this chart, the only statistically significant finding among Fortune 2001-5000 organizations, PR ranks dead last among non-MACs , while it ranks 5th among MACs of similar size
- 4) MACs and Non-MACs alike, in all revenue categories, most often cite Finance as being the function that senior management views as being important to their organizations' success.

Degree of Senior Management Support

Table B21: MAC vs. Non-MAC Degree of Support For the PR Function From Senior Management <i>1= not supportive, to 7= highly supportive</i>		
Revenue Categories	MAC or Not	Level of Support for PR from Senior Management
\$6 Billion + [Fortune 500]	MAC	5.93
	Non-MAC	5.76
	Total	5.86
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	6.00
	Non-MAC	5.67
	Total	5.88
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	6.86
	Non-MAC	5.91
	Total	6.07
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	5.00
	Non-MAC	5.71
	Total	5.67
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	5.79
	Total	5.79
Less than \$100M [Fortune 20000+]	Non-MAC	6.03
	Total	6.03
Total	MAC	6.00
	Non-MAC	5.82
	Total	5.87

Significant Findings

- 1) Among MACs in the Fortune 2000, respondents report a significantly higher degree of senior management support for PR than do non-MACs. In large organizations where PR reports to the executive office and has a high degree of support from senior management, there is a greater likelihood that one will appear in the list of MACs.

Senior management support is an important indicator of an environment in which strategic resources are more efficiently utilized, thereby enhancing ROA, reputation and possibly other success indicators.

Significant Correlations Regarding Senior Management Support

- 1) Among the Fortune 500 MACs, there is a strong positive correlation between reporting to senior management and support from senior management, whereas, there is a negative correlation between reporting to Marketing and support from senior management.

From these findings a major conclusion is that among the Fortune 500, the more PR reports to Marketing, then a company is less likely to be on a MAC list. PR also tends to enjoy less support from senior management. In Fortune 500 MACs, PR is less likely to report to Marketing.

VI. COMMUNICATIONS FUNCTION

Functions for Which PR Has Primary Responsibility

Table B22: MAC vs. Non-MAC For What Functions Does Your Department Have Primary Responsibility						
Budget for:	<i>MAC</i>	<i>Non-MAC</i>	<i>MAC</i>	<i>Non-MAC</i>	<i>MAC</i>	<i>Non-MAC</i>
	<i>Number of Respondents</i>		<i>Sum</i>		<i>Average</i>	
Crisis management	68	249	57	212	84%	85%
Corporate communications (other than advertising)	68	249	56	188	82%	76%
Internal communications	68	249	52	179	76%	72%
Executive communications	68	249	51	174	75%	70%
Community relations	68	249	46	169	68%	68%
Marketing PR	68	249	44	154	65%	62%
Product PR	68	249	44	152	65%	61%
Issues management	68	249	42	147	62%	59%
On line communications	68	249	41	126	60%	51%
Public affairs	68	249	34	113	50%	45%
Philanthropy	68	249	29	113	43%	45%
Corporate advertising	68	249	28	94	41%	38%
Issues advertising	68	249	18	71	26%	29%
Product advertising	68	249	15	67	22%	27%
Government relations	68	249	15	62	22%	25%
Lobbying	68	249	14	62	21%	25%
Investor relations	68	249	9	51	13%	20%
Consumer affairs	68	249	8	38	12%	15%
Ethicist/ombudsmen	68	249	4	16	6%	6%

Significant Findings

- 1) More MACs indicated they have budgetary responsibility for crisis communications, community relations and issues management than do non-MACs.
- 2) Fewer MACs have responsibility for Marketing budget.

Other Departments With Budgetary Control

Table B 23: Number of Other Departments with Some Budgetary Control			
Revenue Categories	MAC or Not	Average	Number of Respondents
\$6 Billion + [Fortune 500]	MAC	4.12	30
	Non-MAC	3.08	12
	Total	3.82	42
\$3.1-\$6 Billion [Fortune 501-1000]	MAC	3.38	8
	Non-MAC	4.00	2
	Total	3.50	10
\$1.6-\$3.1 Billion [Fortune 1001-2000]	MAC	1.75	4
	Non-MAC	3.48	23
	Total	3.22	27
\$580M-\$1.6 Billion [Fortune 2001-5000]	MAC	5.67	3
	Non-MAC	2.57	23
	Total	2.92	26
\$100M-\$580Billion [Fortune 5001-20000]	Non-MAC	2.50	22
	Total	2.50	22
Less than \$100M [Fortune 20000+]	Non-MAC	1.88	16
	Total	1.88	16
Total	MAC	3.88	45
	Non-MAC	2.74	98
	Total	3.10	143

Significant Findings

- 1) Overall, more MACs report that other departments have some control over communications budgets than do MACs. This could be a reflection of organizational size.
- 2) In the Fortune 500, more MACs report that other departments have some control over communications budgets than do non-MACs

VII. ORGANIZATIONAL CLIMATE

Respondents were asked to describe their organizations by evaluating them on a 1-7 scale using the sets of adjectives as shown below. For example, respondents perceived their organization to be more ethical than unethical, they would choose number 5, 6, or 7 on the following scale: **Unethical** 1 2 3 4 5 6 7

Ethical

Table B24: How Would You Describe Your Organization As A Whole?				
	MAC	Non-MAC	MAC	Non-MAC
	<i>Average</i>		<i>Number of Respondents</i>	
Unethical - Ethical	6.31	5.36	68	246
Unprofitable - Profitable	5.57	5.32	68	247
Poor external reputation - Good external reputation	5.51	5.01	68	239
Cold - Warm	4.97	4.95	68	244
Short-sighted - Visionary	4.57	4.59	68	246
Homogeneous - Diverse	4.51	4.52	68	246
Rigid - Flexible	4.49	4.44	68	244
Arrogant - Humble	4.44	4.26	68	246
Autocratic - Democratic	4.40	4.06	68	242
Tactical - Strategic	4.10	4.05	68	242
Profits-first - People-first	4.06	4.04	67	243
Turbulent - Calm	3.93	4.03	68	246
Reactive - Proactive	3.81	3.74	68	246

Significant Findings

- 1) The top ten attributes cited by MACs, in rank order, are: Ethical, Profitable, Good External Reputation, Warm, Visionary, Diverse, Flexible, Humble, Democratic and Strategic.
- 2) The top ten attributes cited by non-MACs, in rank order, are: Ethical, Good External Reputation, Profitable, Warm, Visionary, Flexible, Diverse, Humble, People First and Strategic.

Note that on nearly every scale, MACs consider themselves to be stronger in these areas than non-MACs.

- 3) Both MACs and non-MACs perceive their organizational environments to be midway between calm and turbulent.
- 4) While respondents in both categories claim to be more proactive than reactive, MACs place far greater emphasis on crisis avoidance/mitigation, suggesting that there are significant differences in actual orientation and execution.