

Strategic Public Relations Center

UNIVERSITY OF SOUTHERN CALIFORNIA
Annenberg School for Communications



FIFTH ANNUAL PUBLIC RELATIONS GENERALLY ACCEPTED PRACTICES (G.A.P.) STUDY (2007 DATA)

GAP V

SECTION III: OVERVIEW OF ENTIRE FINDINGS RELATIVE TO ALL RESPONDENTS

By

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III/A-1: Respondents by Organization Size (U.S. Gross Revenues)

Participants were asked to state their organization’s U.S. gross revenues in whole U.S. dollars for the most recently completed fiscal year. Respondents are grouped throughout this report by revenue. This table includes data for all responding organizations, including those not-for-profit organizations and government agencies that responded to the revenue question.

Table III/A-1: Respondents by Organizational Size: Gross Revenue, Year-Over-Year								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	\$22,975,000,000	\$23,446,940,000	\$32,778,018,868	\$9,803,018,868	\$9,331,078,868	72	49	53
\$3.1B-\$6B	\$4,471,000,000	\$4,195,650,000	\$4,274,180,882	(\$196,819,118)	\$78,530,882	25	23	34
\$1.6B-\$3.1B	\$2,218,000,000	\$2,237,790,000	\$2,243,852,941	\$25,852,941	\$6,062,941	42	45	34
\$580 Million-\$1.6B	\$1,020,000,000	\$999,860,000	\$882,400,200	(\$137,599,800)	(\$117,459,800)	51	67	45
\$100M-\$580M	\$291,000,000	\$283,900,000	\$227,056,291	(\$63,943,709)	(\$56,843,709)	52	91	86
Less than \$100M	\$27,000,000	\$33,960,000	\$32,176,441	\$5,176,441	(\$1,783,559)	38	108	176
Total						280	383	428
Base: All organizations providing gross revenue data								
Data source: Q13 by Q13 (as categories); see Appendix for question wording								

Findings/observations in 2007:

- a. Data in this table was based on those 428 respondents that provided gross revenues.
- b. More than 10% of the respondents to GAP V came from the \$6+ billion revenue category.
- c. The largest number of respondents (176) was drawn from the less-than-\$100M category, and the second largest cluster was drawn from the \$100M-\$580M category.

On a year-over-year basis:

- a. The number of respondents who reported gross revenue in 2007 (428) is an increase of 45 (12%) over the 383 that did so in 2005.
- b. Including those that did not provide gross revenues, a total of 520 organizations responded to GAP V, a 5% increase over GAP IV and the largest number to respond to any of the five GAP studies.

Statistical Correlations:

Statistical correlations of responses from various questions reveal that companies with higher gross revenues:

- a. Are significantly more likely to:
 - Have larger PR budgets
 - Have larger PR staffs
 - Work with PR agencies
 - Work with more PR agencies
 - Use PR agencies because
 - They provide additional arms and legs
 - They have resources in geographies or markets where the respondents need them
- b. Are significantly less likely to work with agencies because they have the ability to quantify results

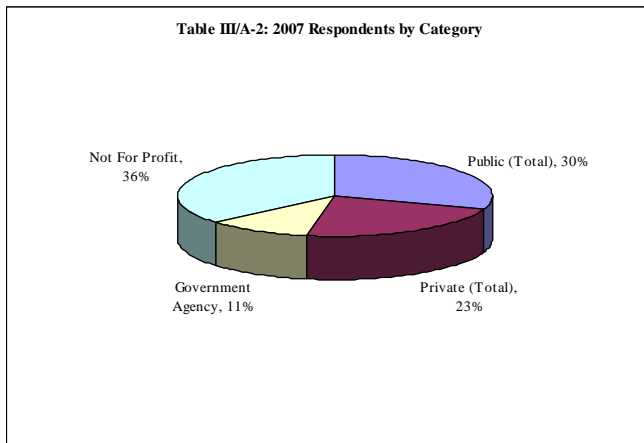
The data suggest to us that:

- a. *Organizations in virtually all revenue categories are interested in PR management issues and need data, given the number of respondents in each category.*
- b. *The large number of small organizations that responded to GAP V suggests to us that GAP is becoming better known among smaller organizations and that they are increasingly seeking guidance on the management of their communications functions. This may suggest, in turn, that they are becoming more sophisticated in their approach to communications.*

III/A-2: Respondents by organizational category

Table III/A-2: Respondents by Category, Year-Over-Year							
Type	Percent				Respondents		
	2002	2005	2007	Dif 05 & 07	2002	2005	2007
Public (Total)	61%	43%	30%	-12%	200	208	157
Corporate Level		34%	26%	-8%		167	134
Division or Unit Level		8%	4%	-4%		41	23
Private (Total)	39%	24%	23%	-2%	128	118	117
Corporate Level		21%	20%	-2%		104	102
Division or Unit Level		3%	3%	0%		14	15
Government Agency		5%	11%	6%		23	57
Not For Profit		29%	36%	8%		139	189
Total	100%	100%	100%		328	496	520
Base: All organizations							
Data source: Q1; see Appendix for question wording							
Note: Differences between 2002 and 2007 are not calculated because question methodology changed after 2002							

Participants were asked to indicate how they would categorize their organizations based on a list provided. For public and private organizations, they were also asked to specify whether they had responsibility at the corporate level or at the operating unit/divisional unit level.



Findings/observations in 2007:

- a. As previously stated, a total of 520 organizations responded to GAP V, a 5% increase over GAP IV, and the largest number to respond to any of the five GAP studies.
- b. Respondents fit into four key categories of organizations: public companies (30% of respondents); private companies (23%); government agencies (11%); and not-for-profits (36%).
- c. PR practitioners from public companies have dropped over time as the dominant force in this survey, from 61% in 2002, to 43% in 2005, and 30% in this year's GAP report, documenting 2007.

On a year-over-year basis:

- a. The total number of respondents increased from 496 to 520 (5% increase).
- b. The number of not-for-profit respondents increased from 139 to 189 (36% increase).
- c. The number of public company respondents dropped from 208 to 157 (24% decrease).
- d. The number of government agency respondents more than doubled, from 23 to 57 (148% increase).

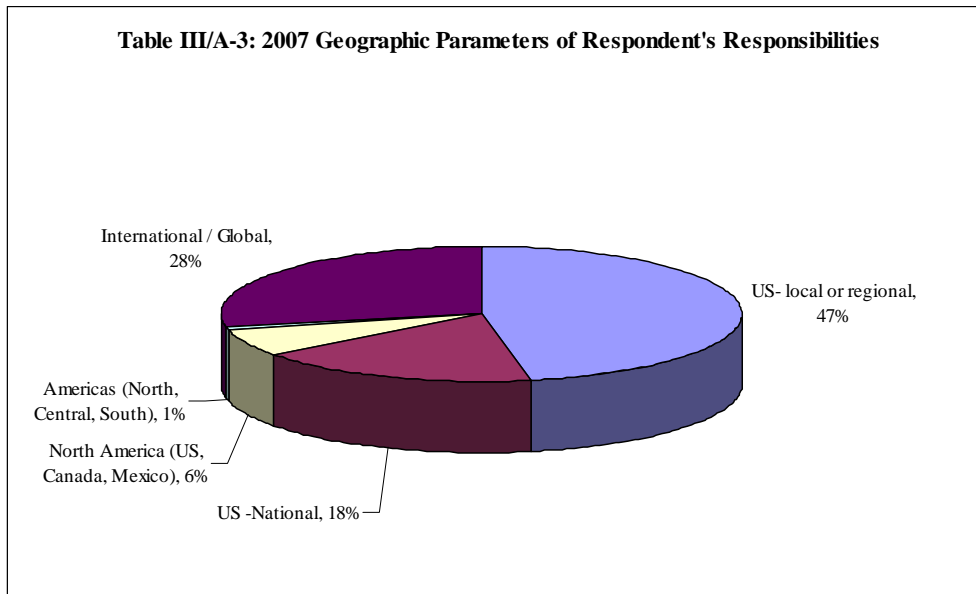
The data suggest to us that:

- a. *The continuing growth in the number of responses to GAP suggests that the survey is gaining greater visibility and acceptance among PR professionals.*
- b. *The growth in survey participation by not-for-profit and government organizations continues, reaching in 2007 nearly half (47%) of all respondents, suggesting to us that these charities and agencies are now demanding the same hard data on various aspects of PR practice as commercial organizations.*

III/A-3: Geographic Parameters of Respondent's Responsibilities

Respondents were asked for the second time to specify the geographic parameters of the communications organizations for which they have responsibility.

Table III/A-3: Geographic Parameters of Respondent Responsibilities, Year-Over-Year					
Parameters	Percent			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
US - Local or Regional	35%	47%	12%	173	241
US - National	23%	18%	-5%	112	92
North America (US, Canada, Mexico)	10%	6%	-4%	50	33
Americas (North, Central, South)	1%	1%	0%	5	4
International/Global	31%	28%	-3%	152	146
Total	100%	100%	0%	492	516
Base: All organizations providing geographic parameters					
Data source: Q2; see Appendix for question wording					



Findings/observations in 2007:

- a. 146 respondents (more than a quarter of the total) have international and/or global authority.
- b. The majority of respondents, 333 out of 516 (or 65%), are responsible for communications within the United States.

Statistical Correlations:

Statistical correlations of responses from various questions reveal that responding international and/or global companies (as compared to non-international and/or global companies):

- a. Are significantly more likely to:
 - Be responsible for corporate communications (non-advertising related), corporate intranet, corporate reputation, corporate social responsibility oversight, crisis management, executive communications, investor relations, and monitoring and participation in the blogosphere, online social networking, and other online media
 - Evaluate PR's effectiveness by using content analysis of clips, influence on share of voice, influence on stock performance, and total number of clips in "top tier" media
 - Report that the PR/communications function is well integrated with other departments
 - Allocate significantly higher percentages of their total PR budgets to agency fees
 - Describe their organizations as having a good external reputation and as successful
- b. Are significantly less likely to describe their organizations as being people-first (as compared to profits-first)

On a year-over-year basis:

In keeping with the increased participation by non-profit and governmental agencies, there was a substantial increase in 2007 in the number of respondents having local or regional authority.

The data suggest to us that:

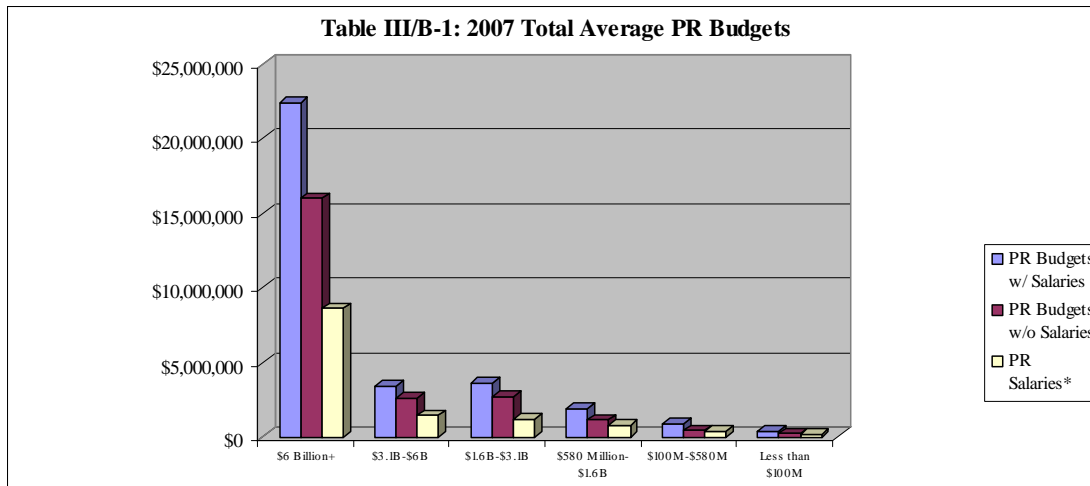
- a. While GAPs I – V have focused primarily on the United States, future studies must take a more global emphasis, given the increasingly global nature of the profession.*
- b. The fact that among Global/International organizations PR is much more likely to have responsibility for various types of digital media is noteworthy. This may be due in part to the greater adoption of such media outside the U.S., the greater and more complex reputational exposures such organizations face in a global environment, etc.*

III/B-1: Total Average PR Budgets and Percentages of Budgets Allocated to Salaries

Respondents were asked to provide their PR budgets in two ways:

- a. Including salaries and related costs (i.e., benefits)
- b. Excluding salaries and related costs (i.e., benefits)

Table III/B-1: 2007 Average PR Budgets							
Revenue Categories	PR Budgets w/ Salaries	PR Budgets w/o Salaries	PR Salaries*	PR Salaries as % of PR Budget*	Respondents		
					Provided PR Budgets w/ Salaries	Provided PR Budgets w/o Salaries	Provided PR Budgets both w/ and w/o Salaries
\$6 Billion+	\$22,402,083	\$15,993,333	\$8,605,682	43%	48	45	44
\$3.1B-\$6B	\$3,440,000	\$2,594,643	\$1,462,000	41%	25	28	25
\$1.6B-\$3.1B	\$3,651,125	\$2,745,034	\$1,183,483	40%	32	29	29
\$580 Million-\$1.6B	\$1,881,026	\$1,135,915	\$818,661	48%	42	40	40
\$100M-\$580M	\$882,570	\$439,863	\$428,148	52%	77	74	73
Less than \$100M	\$409,336	\$231,839	\$188,567	54%	156	156	151
All Respondents	\$4,435,820	\$2,848,103	\$1,517,038	50%	428	418	402
**"PR Salaries" and "PR Salaries as % of PR Budget" calculated using companies reporting budgets with and without salaries							
Base: All organizations providing PR budget with salaries data and/or PR budget without salaries data							
Data source: Q14 and Q15 by Q13 (as categories); see Appendix for question wording							
Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data							



***Findings/observations in 2007:**

- a. In general, the larger an organization’s gross revenue, the larger its PR budget (both including and excluding PR salaries). The authors believe that the data for organizations in the \$3.1-\$6B revenue category are a statistical anomaly caused by the relatively smaller number of respondents (25) in that category and also by undetermined unique characteristics of the specific respondent organizations in that category.
- b. Among all respondents in 2007, the average PR budget (including salaries and related costs) was almost \$4,500,000.
- c. Among all respondents, salaries (including related costs) represented 50% of total PR budgets in 2007, with all revenue categories reporting salary totals of at least 40% of average PR budgets.
- d. The smallest organizations, which tend to handle most activities in-house, reported the highest proportion of their PR budgets paid out in salaries. This is not surprising because:
 - There is a critical mass number of internal PR staff (i.e., 2 – 3 people, as is suggested in Section III/C-3) that is necessary to maintain an adequate communications function
 - In whole dollar terms, budgets decrease as organizational size decreases
 - The costs of that baseline staff represent a larger percentage of smaller budgets

* Although there may appear to be noteworthy year-over-year and cross-category differences, caution must be used when interpreting these differences due to sample size and related margins of error.

- e. The enormous budget gap between the \$6B+ revenue category organizations and all other respondents is striking. The authors hypothesize that this is due to a combination of:
- The noteworthy larger average size (based on revenues – see III/A-1) of respondents in that revenue category
 - The added communications responsibilities that come with the near-unanimous public ownership of companies in the \$6B+ revenue category
 - The geographically larger scale of those respondents
 - Their greater complexity
 - Their bellwether nature

Statistical Correlations:

Statistical correlations of responses from various questions reveal that companies with larger PR budgets are significantly more likely to:

- a. Report that the PR/communications function is well integrated with other departments
- b. Use outside PR agencies
- c. Work with a significantly larger number of PR agencies

The data suggest to us that:

To a great extent, a higher budget is an indicator of other positive attributes for the PR function described elsewhere in this report (i.e., reporting relationship to the “C-Suite,” inclusion in organizational strategic planning, integration across communications disciplines, etc.). The fact that organizations with larger PR budgets are much more likely to indicate that the communications function is well-integrated with other departments is noteworthy, in that these would tend to be the very organizations with the most complex structures. If the largest, most complex organizations see the benefits of breaking down silos and are able to do so, then certainly smaller organizations can (and should) follow-suit.

III/B-2: Percent PR Budget Changes in Last Fiscal Year

Respondents were asked to describe in percentile terms the extent to which their total PR budgets changed (if at all) in 2007 versus the previous fiscal year, i.e., 2006.

Table III/B-2: Percent PR Budget Changes in Last Fiscal Year, Year-Over-Year								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	-3%	3%	4%	7%	1%	49	55	49
\$3.1B-\$6B	-3%	-5%	11%	14%	16%	18	25	27
\$1.6B-\$3.1B	-3%	2%	6%	9%	4%	34	47	30
\$580 Million-\$1.6B	-3%	3%	4%	7%	1%	42	71	42
\$100M-\$580M	-1%	3%	9%	10%	6%	44	110	78
Less than \$100M	-3%	8%	5%	8%	-3%	26	135	153
All Respondents	-3%	4%	7%	10%	3%	213	449	441
Base: All organizations providing PR budget change in last FY data								
Data source: Q16 by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

The authors believe that the data for organizations in the \$3.1-\$6B revenue category are a statistical anomaly caused by the relatively smaller number of respondents (27) in that category and undetermined unique characteristics of the specific respondent organizations in that category.

On a year-over-year basis:

- a. Respondents in all revenue categories reported that in fiscal year 2007 their PR/Communications budgets increased by an average of 7% over 2006. (See the note above regarding the \$3.1-\$6B revenue category.).
- b. The differences in the data from GAP I (2002) and GAPs IV (2005) and V (2007) are striking. As the authors observed in GAP IV, the profession had achieved a much needed degree of “stability and normalization” after a very challenging, multi-year period, and was poised for a period of growth. The GAP V data clearly substantiate that view.

The data suggest to us that:

While the budget change data for 2007 are encouraging, they must be viewed in the context of what many believe is an impending (or already present) recession in 2008. However, virtually all of the data in GAP V suggest that the profession is much better positioned to weather a recession than at any time in its history.

III/B-3 and B-3a: Ratio of PR Budgets to Gross Revenues: PR/GR Ratio

The PR/GR Ratio describes the number of dollars spent for public relations for each \$1 million in gross revenue.

Revenue Categories	Gross Revenue	PR Budget (w/ Salaries)	PR Budget as % of Gross Revenue*	PR/GR Ratio**	Respondents		
					Provided Gross Revenue	Provided PR Budget (w/ Salaries)	Provided Gross Revenue and PR Budget (w/ Salaries)
\$6 Billion+	\$32,778,018,868	\$22,402,083	0.08%	\$786	53	48	48
\$3.1B-\$6B	\$4,274,180,882	\$3,440,000	0.08%	\$754	34	25	25
\$1.6B-\$3.1B	\$2,243,852,941	\$3,651,125	0.18%	\$1,767	34	32	32
\$580 Million-\$1.6B	\$882,400,200	\$1,881,026	0.23%	\$2,326	45	42	42
\$100M-\$580M	\$227,056,291	\$882,570	0.45%	\$4,534	86	77	77
Less than \$100M	\$32,176,441	\$409,336	3.91%	\$39,097	176	156	156
**"PR Budget as % of Gross Revenue" calculated only using companies reporting gross revenues as well as PR budgets including salaries (PR budgets including salaries/gross revenues)							
***"PR/GR Ratio" refers to the number of dollars spent on PR for each \$1 million in revenue; calculated only using companies reporting gross revenues as well as PR budgets including salaries							
Base: All organizations providing gross revenue data and/or PR budget with salaries data							
Data source: Q13 and Q14 by Q13 (as categories); see Appendix for question wording							

Revenue Categories	Average									Respondents				
	2002	2003	2004	2005	2007	Dif 02 & 07	Dif 03 & 07	Dif 04 & 07	Dif 05 & 07	2002	2003	2004	2005	2007
\$6 Billion+	\$703	\$544	\$643	\$635	\$786	\$83	\$243	\$144	\$151	43	23	36	45	48
\$3.1B-\$6B	\$648	\$694	\$1,179	\$1,088	\$754	\$106	\$60	(\$425)	(\$334)	21	13	22	20	25
\$1.6B-\$3.1B	\$1,230	\$1,003	\$928	\$957	\$1,767	\$537	\$764	\$839	\$810	30	21	20	40	32
\$580 Million-\$1.6B	\$2,422	\$1,039	\$1,930	\$2,802	\$2,326	(\$96)	\$1,286	\$395	(\$476)	46	15	39	61	42
\$100M-\$580M	\$8,515	\$2,408	\$3,815	\$11,217	\$4,534	(\$3,981)	\$2,126	\$719	(\$6,683)	46	25	46	84	77
Less than \$100M	\$43,067	\$38,979	\$27,631	\$40,949	\$39,097	(\$3,970)	\$118	\$11,466	(\$1,852)	29	34	42	93	156
**"PR/GR Ratio" refers to the number of dollars spent on PR for each \$1 million in revenue; calculated only using companies reporting gross revenues as well as PR budgets including salaries														
Base: All organizations providing gross revenue data and PR budget with salaries data														
Data source: Q13 and Q14 by Q13 (as categories); see Appendix for question wording														

Findings/observations in 2007:

- a. The authors believe that the data for \$3.1B-\$6B revenue category organizations are a statistical anomaly caused by the relatively smaller number of respondents (25) in that category and an unidentified, unique characteristics of the specific group of respondents in that category.
- b. The 2007 data for all revenue categories – other than the anomalous \$3.1B-\$6B revenue category and the smallest organizations – follows a logical, proportionally consistent pattern that suggests that the PR/GR ratio can serve as an increasingly useful model.

On a year-over-year basis: After factoring out certain (often obvious) anomalies, i.e., \$3.1B-\$6B revenue category in several years, revenue categories ranging from \$580 million to less than \$100 million in 2005, etc., the year-over-year data reveal some fairly consistent patterns within specific revenue categories.

Statistical Correlations:

Statistical correlations of responses from various questions reveal that, compared to organizations with lower PR/GR ratios, organizations with higher PR/GR ratios are significantly more likely to:

- a. Report that the C-Suite takes PR recommendations seriously
- b. Evaluate PR's effectiveness by using content analysis of clips and influence on share of voice
- c. Describe their organizations as ethical (versus unethical) and proactive (versus reactive)

The data suggest to us that:

- a. *The reliability of this new ratio will improve as we increase the number of years and respondents available for comparisons. Budgeting relative to organizational size remains one of the most important challenges facing professionals, and the Strategic PR Center will continue to refine the PR/GR Ratio in the hope of establishing it as an industry standard. The authors believe that GAP V provides much clearer direction for some categories of organization than had previously been possible.*
- b. *The fact that respondents from organizations with \$3.1 billion or higher revenues are significantly more likely to describe their organizations as being ethical and proactive as described elsewhere in this report is noteworthy. It suggests a connection between greater expenditure on communication relative to organizational size on the one hand, and a greater commitment to transparency, ethical business practices, and a forward looking perspective on the other.*

III/B-4: Expected Change in PR Budget in Next Fiscal Year

Respondents were asked to describe the changes they expected in their PR budgets in the next fiscal year (i.e., FY 2008) as compared to 2007.

Table III/B-4: Expected Percent Change in PR Budget in Next Fiscal Year, Year-Over-Year					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	1%	0%	-1%	55	45
\$3.1B-\$6B	-1%	2%	3%	25	25
\$1.6B-\$3.1B	1%	5%	4%	45	32
\$580 Million-\$1.6B	5%	9%	4%	70	39
\$100M-\$580M	7%	4%	-3%	105	66
Less than \$100M	9%	5%	-4%	131	134
All Respondents	5%	5%	0%	437	392

Base: All organizations providing data about PR budget change in next FY

Data source: Q17 by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Findings/observations in 2007:

- a. It is important to note that GAP V was fielded in the third and fourth quarters of 2007, a time when many respondents would have known their 2008 budgets and could therefore project with great accuracy.
- b. All respondents except those in the \$6B+ revenue category anticipated budget increases in 2008.
- c. Respondents in the \$6B+ revenue category expected no increase in their PR budgets for 2008. However, this must be seen in the context of their much larger base budgets and/or somewhat cautious outlooks for 2008.
- d. The smallest organizations, less than \$100M in revenue, were more optimistic, expecting an increase of 5% in PR budgets. However, in this group such percentile increases (or decreases) must be seen in the context of the smaller bases from which those percentages are derived.

On a year-over-year basis:

The average projected increase among all 392 respondents to this question was 5%, but this number is not reliable as guidance for organizations of all sizes, given the large number of smaller organizations included.

Statistical Correlations:

In their analysis of the data, the authors investigated any possible connection between higher expenditures on evaluation and responses to other questions suggesting such positive attributes as good external reputation, greater respect from senior management, etc. No such connections were found.

The data suggest to us that:

- a. While many organizations were optimistic about their 2008 budgets at the time the survey was conducted (i.e., the third and fourth quarters of 2007), it cannot be assumed that these increases will appear in their entirety if the nation enters (or if it has already entered) a recession. However, as previously stated, it appears that the profession is in a better position than ever before to weather difficult economic times.*
- b. Budget increases anticipated by smaller organizations suggests to us that they are fighting to establish awareness in highly competitive environments, are maintaining aggressive communications postures, and are adopting public relations as a key tool in those efforts.*
- c. The authors believe that the profession enjoyed a period of economic stability and sustainable growth in 2007, in contrast with the wildly excessive spending of five to six years ago and the painful cuts of three to four years ago.*

III/B-5: Percent of PR Budget Dedicated to Evaluation

Respondents were asked to describe, in percentile terms, the portion of their total budgets that is allocated to PR evaluation.

Table III/B-5: Percent of PR Budget Dedicated to Evaluation, Year-Over-Year					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5%	5%	0%	46	40
\$3.1B-\$6B	5%	6%	1%	18	21
\$1.6B-\$3.1B	8%	6%	-2%	36	24
\$580 Million-\$1.6B	2%	5%	3%	50	22
\$100M-\$580M	3%	5%	2%	72	32
Less than \$100M	3%	7%	4%	89	51
All Respondents	4%	6%	2%	314	214
Base: All organizations providing percent of PR budget dedicated to evaluation data					
Data source: Q20a by Q13 (as categories); see Appendix for question wording					
Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data					

Findings/observations in 2007:

All revenue categories reported budgetary allocations for evaluation that fall within a fairly narrow range, from 5% to 7% with an overall average of 6%.

On a year-over-year basis:

- a. Budgets allocated to evaluation by GAP participants increased in 2007 over 2005, among all categories of respondents other than the \$6B+ revenue category (which continue to spend 5% – approximately \$1,120,000 – of their substantially larger budgets on evaluation), and the \$1.6-\$3.1B revenue category.
- b. The three smallest revenue categories rose in 2007 over 2005 and no longer lag behind the three largest revenue categories in the percentage of their PR budgets dedicated to evaluation. However, this must be viewed in the context of their substantially smaller total budgets.

The data suggest to us that:

- a. The imperative to evaluate PR spending and activity now has equal footing in organizations of all sizes.*
- b. Given the average expenditure of just 6%, the authors believe that the PR profession is still not doing enough to demonstrate its value relative to other disciplines.*
- c. The absence of reliable and widely accepted tools for measuring PR effectiveness (other than those measuring media-related activities) may lie behind the low percentages of PR budgets dedicated to evaluation.*
- d. It is nonetheless a positive development that smaller organizations in our sample now report spending approximately the same proportion of money to evaluate the effectiveness of their work.*
- e. The authors believe that the profession is doing itself a great disservice by not directing a sufficient percentage of its resources to more sophisticated and available forms of evaluation. This is particularly true when assessing PR budgets relative to advertising budgets, which are carefully measured and monitored for effectiveness. It will be difficult for PR to get a larger share of the total communications expenditure without quantitative means that go well beyond measurement of media outputs.*

III/C-1 and C-2: PR/Communication Function Reporting Lines and Their Appropriateness

Respondents were asked to indicate:

- a. To whom they report, indicated on Table III/C-1 (with multiple responses allowed)
- b. The appropriateness of that reporting line, indicated on Table III/C-2

Table III/C-1: PR/Communication Function Reporting Lines, Year-Over-Year														
Revenue Categories	C-Suite*			Marketing			Head of Unit			Strategic Planning			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	77%	64%	-13%	13%	8%	-5%	13%	11%	-2%	5%	2%	-3%	61	53
\$3.1B-\$6B	56%	44%	-12%	24%	32%	8%	20%	9%	-11%	0%	3%	3%	25	34
\$1.6B-\$3.1B	60%	59%	-1%	22%	15%	-7%	16%	6%	-10%	6%	9%	3%	50	34
\$580 Million-\$1.6B	56%	67%	11%	18%	13%	-5%	12%	16%	4%	4%	7%	3%	78	45
\$100M-\$580M	69%	67%	-2%	27%	28%	1%	17%	16%	-1%	4%	13%	9%	118	86
Less than \$100M	61%	66%	5%	34%	26%	-8%	19%	20%	1%	8%	10%	2%	154	176
All Respondents	64%	64%	0%	25%	23%	-2%	16%	17%	1%	5%	8%	3%	496	520
Revenue Categories	Human Resources			Finance			Legal			Respondents				
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007			
\$6 Billion+	8%	13%	5%	7%	2%	-5%	7%	8%	1%	61	53			
\$3.1B-\$6B	8%	12%	4%	4%	12%	8%	0%	9%	9%	25	34			
\$1.6B-\$3.1B	18%	9%	-9%	2%	0%	-2%	10%	12%	2%	50	34			
\$580 Million-\$1.6B	6%	9%	3%	9%	4%	-5%	5%	4%	-1%	78	45			
\$100M-\$580M	2%	6%	4%	7%	8%	1%	2%	9%	7%	118	86			
Less than \$100M	6%	5%	-1%	6%	6%	0%	3%	2%	-1%	154	176			
All Respondents	7%	7%	0%	6%	6%	0%	4%	6%	2%	496	520			

* Corporate C-Suite (Chairperson, CEO, COO)

Base: All organizations

Data source: Q6a-g by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Table III/C-2: Appropriateness of PR/Communication Function Reporting Lines, Year-Over-Year

1= Highly inappropriate, 7=Highly appropriate

Reporting Line	Appropriateness			Reporting Line(s)			Respondents	
	Average			Percent			2005	2007
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07		
C-Suite* (only)	6.52	6.58	0.06	47%	46%	-1%	229	240
Multiple Reporting Lines	5.50	5.91	0.41	24%	24%	0%	116	122
Head of Operating Unit (only)	5.40	5.08	-0.32	7%	7%	0%	35	36
Marketing (only)	5.28	5.07	-0.22	14%	9%	-5%	67	44
Other (only)	3.44	4.54	1.10	2%	8%	6%	9	39
Strategic Planning (only)	**	4.40	**	1%	1%	0%	4	5
Finance (only)	3.60	3.60	0.00	2%	1%	-1%	10	5
HR (only)	2.20	3.15	0.95	3%	3%	0%	15	13
Legal (only)	4.80	2.92	-1.88	1%	3%	2%	5	13
All Reporting Lines	5.75	5.80	0.05	100%	100%		490	517
*Corporate C-Suite (Chairperson, CEO, COO)								
**No data presented when based upon fewer than five respondents								
Base: All organizations in which PR has only one direct line of reporting and providing data about appropriateness of PR function reporting line								
Data source: Q6 and Q7 by Q6; see Appendix for question wording								

Findings/observations in 2007:

- a. In all revenue categories save one (\$3.1-\$6B), well more than half of respondents enjoy the reporting line PR/Communications has long sought – directly to the “C-Suite” (CEO, COO, Chairperson).
- b. The spread of the averages among all respondents, and the gap between “C-Suite” and the runner-up (Marketing) are striking: C-Suite, 64%; Marketing, 23%; Head of Operating Unit, 17%; Strategic Planning, 8%; HR, 7%; Finance, 6% and Legal, 6%.
- c. Likewise, in terms of reporting line appropriateness, the gaps between “C-Suite” (only) (6.58), runner-up Multiple Lines (5.91), and third place Head of Operating Unit (only) (5.08), are striking.
- d. Among organizations in the \$6B+ revenue category, 64% report to the “C-Suite” and only 8% to Marketing.

On a Year-Over-Year Basis:

- a. Those reporting to the C-Suite (only) continue to express the highest levels of reporting-line appropriateness: 6.58 on a scale of 1-7, approximately the same as last year.
- b. Those who report to Legal (only) in 2007 express the lowest levels of appropriateness: 2.92 on a scale of 1-7.

Statistical Correlations:

- a. When PR reports to Marketing, (1) PR is seen as making a high contribution to sales, relative to responses from organizations in which PR does not report to Marketing; and (2) PR is more likely to anticipate a budget increase next year (i.e., 2008)
- b. When PR reports to Strategic Planning, a larger percentage of the budget is allocated to evaluation.
- c. Statistical correlations of responses from various questions reveal that among organizations in which PR/Communications reports directly to the C-Suite (Chairperson, CEO, COO, etc.), respondents are significantly are **MORE likely** to report:
 - That their reporting line is appropriate
 - That they have higher PR/GR ratios
 - That the C-Suite takes PR recommendations seriously
 - Substantially higher levels of support for the PR function from the C-Suite
 - Significantly higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - That PR/Communications is invited to meetings dealing with important issues that may or may not have communications implications
 - Responsibility for advertising of corporate image, advertising of issues, advertising of product, community relations, corporate communications (non-advertising), corporate external website, corporate image, corporate intranet, crisis management, government relations/lobbying, investor relations, issues management, and philanthropy
 - That they evaluate PR's effectiveness by using contribution to market share, contribution to profitability, contribution to sales, influence on corporate culture, influence on employee attitudes/morale, influence on stakeholder awareness, and influence on stakeholder opinions
 - That their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organization are well integrated
 - Their organizations are more democratic (versus autocratic) and people-first (versus profits-first)

- d. Statistical correlations of responses from various questions reveal that among public and private companies in which PR/Communications reports directly and exclusively to the C-Suite, respondents are significantly **MORE likely** to report that:
- Their CEOs believe that PR contributes to maintaining or increasing market share
 - Their CEOs believe that PR contributes to financial success
- e. Statistical correlations of responses from various questions reveal that among organizations in which PR/Communications reports directly to Marketing, respondents are significantly **MORE likely** to report that:
- They have a substantially smaller PR staff
 - PR/Communication receives substantially lower levels of support from the C-Suite
 - They had significantly larger PR budget changes in the last fiscal year
 - They anticipate significantly higher PR budget changes in the next fiscal year
 - They are more likely to evaluate PR's effectiveness by using total number of clips and clips in "top tier" media
 - Their organizations are more proactive and have a good external reputation
 - If they work with agencies, a significantly higher percentage of the total PR budget is allocated to agency fees than in organizations where PR does not report to Marketing
- f. Statistical correlations of responses from various questions reveal that among organizations in which PR/Communications reports directly to Marketing, respondents are significantly **LESS likely** to report that:
- They have responsibility for corporate image advertising, issues advertising, community relations, employee/internal communications, government relations/lobbying, and public affairs
 - They evaluate PR's effectiveness based on influence on stakeholder opinions
 - Their organizations are more people-first (versus profits-first)
 - They believe their reporting line is appropriate
 - The C-Suite takes PR recommendations seriously
 - PR/communications is invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications is invited to meetings dealing with organizational strategic planning

- g. Statistical correlations of responses from various questions reveal that among organizations in which PR/Communications reports directly to the head of a business or operating unit, respondents:
- Are significantly less likely to believe their reporting line is appropriate
 - Are significantly less likely to report that the C-Suite takes PR recommendations seriously
 - Report significantly lower levels of support for the PR function from the C-Suite
 - Report significantly lower frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - Are significantly less likely to be responsible for corporate communications (non-advertising), corporate intranet, corporate social responsibility oversight, executive communications, investor relations, issues management, monitoring and participation in the blogosphere and in other online media, and philanthropy
 - Have significantly lower PR budgets
 - Are significantly less likely to evaluate PR's effectiveness by using content analysis of clips, contribution to market share, influence on share of voice, influence on stakeholder awareness, influence on stockholder opinions, influence on stock performance, and total number of clips in "top tier" media
 - Are significantly less likely to describe their organizations as strategic (versus tactical)

The data suggest to us that:

- a. Gaining access to the top is not the issue it was just a few years ago. Today, the issue is what one does with that access.*
- b. While the statistical correlations make clear the advantages of reporting to the “C-Suite”, it is important to note that Multiple Lines, Head of Operating Unit (only), and Marketing (only) all received appropriateness scores over 5.00. This suggests to us that the ideal reporting line is situational. For example, reporting to Marketing (only) may be the most appropriate in organizations where PR is seen primarily as a valued contributor to sales.*
- c. Taken collectively, the data and correlations make clear the very negative implications of other reporting lines, especially to HR (only), Legal (only) and Finance (only).*

III/C-3: Average PR Staff Size

Respondents were asked to provide the number of full-time employees in their PR organizations, at all levels.

Table III/C-3: Average PR Staff Size, Year-Over-Year								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	69	40	60	-9	20	71	60	52
\$3.1B-\$6B	13	10	15	2	5	24	24	33
\$1.6B-\$3.1B	15	19	8	-7	-11	40	49	34
\$580 Million-\$1.6B	8	7	10	2	3	50	77	45
\$100M-\$580M	7	6	9	2	3	51	117	85
Less than \$100M	4	4	2	-2	-2	36	152	176
Base: All organizations providing PR staff size data and gross revenue data								
Data source: Q3 by Q13 (as categories); see Appendix for question wording								

Findings/observations in 2007:

- a. The authors believe that the data for \$1.6-\$3.1B revenue category organizations are a statistical anomaly caused by unidentified, unique characteristics of the specific group of respondents in that category.
- b. The PR headcount range, from the highest-revenue to the lowest-revenue, is dramatic – 60 people on average doing PR at organizations of \$6B+ and only two people on average for organizations that have revenues of less than \$100M.

On a year-over-year basis:

- a. Almost all categories of respondents report growth in staff size from 2005 to 2007. This is consistent with the authors' hypothesis that 2005 was a year of stabilization and normalization that was followed by a period of growth.
- b. The reduction in staff size among the smallest organizations may be due to differences in the sample. However, with 176 respondents in 2007 versus 152 in 2005, it is likely that the more current data is accurate.

The data suggest to us that:

The near universal growth in staff size is consistent with the authors' observation that 2005 was a year of stabilization and normalization that was followed by a period of notable growth.

III/C-4: Percent Changes in PR Staff Size in Last Year

Respondents were asked to describe (in percentage terms) how the size of their PR staffs changed from August 31, 2006 to August 31, 2007.

Table III/C-4: Percent Changes in PR Staff Size in Last Year, Year-Over-Year					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	6%	6%	0%	60	53
\$3.1B-\$6B	-4%	7%	11%	25	34
\$1.6B-\$3.1B	5%	8%	3%	48	34
\$580 Million-\$1.6B	3%	5%	2%	81	45
\$100M-\$580M	2%	5%	3%	119	85
Less than \$100M	4%	6%	2%	143	175
All Respondents	3%	6%	3%	486	516

Base: All organizations providing data about PR staff size changes

Data source: Q4 by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

***Findings/observations in 2007:**

All revenue categories reported increases that fit within the range of 6% to 8%, with the high of 8% reported among organizations with revenue in the range of \$1.6B-\$3.1B.

The data suggest to us that:

Barring a major financial downturn the market, the market for PR professionals should continue to improve.

* Although there may appear to be noteworthy year-over-year and cross-category differences, caution must be used when interpreting these differences due to sample size and related margins of error.

III/D-1: Use of PR Agencies

Respondents were asked to report whether or not they used outside PR agencies.

Table III/D-1: Use of PR Agencies, Year-Over-Year								
Revenue Categories	Percent					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	90%	79%	91%	1%	12%	61	57	53
\$3.1B-\$6B	92%	92%	94%	2%	2%	22	24	34
\$1.6B-\$3.1B	87%	77%	76%	-11%	-1%	34	47	34
\$580 Million-\$1.6B	82%	68%	73%	-9%	5%	40	77	45
\$100M-\$580M	80%	59%	49%	-31%	-10%	39	116	86
Less than \$100M	83%	47%	39%	-44%	-8%	29	146	176
All Respondents	81%	62%	56%	-25%	-6%	302	467	520
Base: All organizations								
Data source: Q30 by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

- a. 91% of \$6B+ revenue category respondents, and 94% of those in the \$3.1-\$6B revenue category, work with outside agencies.
- b. 56% of all responding organizations reported using outside PR agencies, though the large number of small organizations (less than \$100 M revenue category) in the total sample skews this figure downward.

On a year-over-year basis:

- a. Comparing 2007 to 2002, use of agencies among larger organizations remained stable.
- b. Again comparing 2007 to 2002, use of agencies declined among mid-sized and smaller organizations.
- c. The smallest organizations, those with revenues of less than \$100 million, show a very dramatic 44% drop from the first GAP report, though the authors suspect that, to some extent, this may be an anomaly caused by an unidentified characteristic unique to one year's respondent group. With 176 GAP V respondents coming from the smallest category, it is safe to assume that the most recent data, i.e., the use of agencies by 39% of organizations, is more accurate.

The data suggest to us that:

- a. The use of agencies is virtually universal among organizations with revenues above \$3.1 billion.*
- b. The smaller the organization, the less likely it is to work with agencies.*

III/D-2: Percent of PR Budget Allocated to PR Agency Fees

Respondents were asked to report the amount they pay to outside agencies, including fees and direct expenses, as a percentage of their total PR budget.

Table III/D-2: Percent of PR Budget Allocated to PR Agency Fees, Year-Over-Year								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	25%	19%	23%	-2%	4%	49	34	35
\$3.1B-\$6B	12%	30%	36%	24%	6%	19	17	20
\$1.6B-\$3.1B	23%	28%	31%	8%	3%	34	28	21
\$580 Million-\$1.6B	28%	23%	21%	-7%	-2%	40	34	24
\$100M-\$580M	20%	27%	39%	19%	12%	44	51	19
Less than \$100M	27%	24%	40%	13%	16%	33	56	13
All Respondents	23%	25%	30%	7%	5%	219	220	140
Base: All public and private organizations using PR agencies and providing data about percent of PR budget allocated to agency fees								
Data source: Q33a by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

- a. Respondent organizations allocated 20% to 40% of their total budgets to outside agency fees; the overall average is 30%.
- b. The largest revenue category in the survey, \$6 Billion+, reported allocating the second smallest proportion of its PR budget to agency fees at 23%. However, this must be viewed in the context of this category's much larger total PR budgets.

On a year-over-year basis:

- a. In general, the percentages of total budgets allocated to agencies have trended upward since GAP I.
- b. Comparing 2007 and 2005, the increases range from 3% to 16%, with the only decrease (2%) appearing among respondents in the \$580 Million - \$1.6 Billion category.

The data suggest to us that:

The period 2005 – 2007 has been a healthy one for agencies and clients alike, given growth in total PR budgets (Table III/B-2), the upward trend in the percentage of total budgets allocated to agency fees, the growth in internal staffs, etc.

III/D-3: Nature of PR Agency Relationships

Respondents were asked to describe the nature of their agency relationships by selecting from the four options listed in the table below.

Table III/D-3: Nature of PR Agency Relationships, Year-Over-Year					
Relationship	Percent			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
Ongoing basis with Agency of Record	33%	35%	2%	70	68
Ongoing basis with Multiple Agencies	38%	41%	3%	82	80
Pre-Approved List of Firms	5%	4%	-1%	11	8
Ad-Hoc Basis	24%	19%	-5%	52	37
Total	100%	100%		215	193
Base: All public and private organizations using PR agencies and providing data about nature of agency relationships					
Data source: Q32; see Appendix for question wording					

Findings/observations in 2007:

- a. Among organizations that use outside agencies, 41% reported that they use more than one agency, while 35% work with an agency of record.
- b. Only 4% of organizations reported using an “approved list” system in which multiple agencies are reviewed and then listed for discretionary use by divisions and headquarters.

On a year-over-year basis:

- a. The year-over-year data on agency relationships are very consistent.
- b. The use of agencies on an *ad hoc* basis decreased by 5%, while both types of ongoing relationships increased.
- c. While data do not appear in the table, it is interesting to note that in GAP I (2002), well over 50% of all respondents that used outside PR agencies reported having an agency of record relationship, as compared with the 35% reported in GAP V (2007).

The data suggest to us that:

It appears that organizations are maintaining more stable relationships with agencies while increasing their reliance on them, given that:

- a. 76% of all respondents that work with an agency or agencies are maintaining ongoing relationships with their outside firm(s).*
- b. Respondents' total PR budgets generally increased by an average of 3% from 2006 to 2007 (Table III/B-2).*
- c. The percentage of total budgets allocated to agency fees continues to trend upward.*

III/D-4: Number of PR Agencies Used

Respondents were asked to report the average number of outside PR agencies they work with.

Table III/D-4: Number of PR Agencies Used, Year-Over-Year					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	4	4	0	44	47
\$3.1B-\$6B	3	3	0	22	31
\$1.6B-\$3.1B	2	3	1	36	26
\$580 Million-\$1.6B	3	2	-1	52	33
\$100M-\$580M	2	2	0	66	41
Less than \$100M	2	2	0	68	69
All Respondents	2	2	0	293	284
Base: All organizations using PR agencies and providing data about number of PR agencies used					
Data source: Q31 by Q13 (as categories); see Appendix for question wording					
Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data					

Findings/observations in 2007:

- a. Organizations with revenues of \$6 billion + worked with four PR agencies, on average.
- b. Organizations with revenues less than \$100 million worked with two outside agencies, on average.
- c. While not indicated in the table, personal experience and anecdotal evidence suggest that the smallest organizations that work with agencies do so with a single firm.

On a year-over-year basis:

The year-over-year data on number of agencies used are very consistent. This is a change from prior GAP reports, which have generally shown growth in the number of agencies used by larger organizations.

The data suggest to us that:

a. It appears that agencies have enjoyed (and continue to enjoy) a period of growth and prosperity, given that:

- *The typical respondent client now works with multiple agencies*
- *More respondents of all types are maintaining ongoing relationships with those agencies*
- *Client budgets generally increased by an average of 3% from 2006 to 2007 (Table III/B-2)*
- *The percentage of total budgets allocated to agency fees continues to trend upward*
- *The numbers of agencies used by clients seems to have stabilized*

b. While in a multiple agency relationship model each of the outside firms must compete with the others for its share of client budgets, this burden may be more than offset by:

- *Increasing client reliance on outside firms*
- *More total dollars spread among those outside firms*
- *An increased pattern of sustained, ongoing agency/client relationships*

This is a very different agency/client world than existed as recently as 6 to 8 years ago.

III/D-5, D-5a and D-5b: Reasons for Working with PR Agencies and Rankings

Respondents who work with outside agencies were asked to select all applicable reasons for doing so.

Revenue Categories	Additional arms & legs			Strategic/market insight and experience			Unique expertise			Complement our internal capabilities			Objective point of view			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	87%	92%	5%	70%	73%	3%	65%	65%	0%	76%	69%	-7%	41%	60%	19%	46	48
\$3.1B-\$6B	86%	81%	-5%	81%	78%	-3%	62%	63%	1%	86%	63%	-23%	52%	56%	4%	21	32
\$1.6B-\$3.1B	91%	85%	-6%	53%	73%	20%	71%	81%	10%	62%	81%	19%	53%	65%	12%	34	26
\$580 Million-\$1.6B	78%	91%	13%	67%	73%	6%	71%	55%	-16%	84%	67%	-17%	42%	61%	19%	55	33
\$100M-\$580M	75%	86%	11%	54%	57%	3%	65%	60%	-5%	69%	60%	-9%	50%	45%	-5%	68	42
Less than \$100M	81%	74%	-7%	63%	77%	14%	64%	70%	6%	81%	59%	-22%	48%	52%	4%	64	69
All Respondents	82%	83%	1%	63%	71%	8%	66%	65%	-1%	76%	64%	-12%	47%	54%	7%	293	287

Revenue Categories	Resources in geographies/ markets where needed*			Cheaper than adding staff			Limits on internal head-count			Ability to quantify results			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+		75%		24%	29%	5%	43%	35%	-8%	17%	15%	-2%	46	48
\$3.1B-\$6B		69%		24%	31%	7%	43%	31%	-12%	14%	3%	-11%	21	32
\$1.6B-\$3.1B		69%		35%	31%	-4%	35%	42%	7%	21%	12%	-9%	34	26
\$580 Million-\$1.6B		36%		38%	30%	-8%	31%	42%	11%	20%	24%	4%	55	33
\$100M-\$580M		48%		34%	43%	9%	26%	31%	5%	18%	19%	1%	68	42
Less than \$100M		38%		34%	39%	5%	27%	28%	1%	23%	32%	9%	64	69
All Respondents		52%		32%	34%	2%	33%	32%	-1%	19%	19%	0%	293	287

*New item in 2007

Base: All organizations using PR agencies and providing data about reasons for working with PR agencies

Data source: Q34a-i by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Table III/D-5a: Reasons for Working with PR Agencies, Year-Over-Year Ranking

Revenue Categories	Additional arms & legs		Strategic/market insight and experience		Unique expertise		Complement our internal capabilities		Objective point of view	
	2005	2007	2005	2007	2005	2007	2005	2007	2005	2007
\$6 Billion+	1	1	3	3	4	5	2	4	6	6
\$3.1B-\$6B	1(tie)	1	3	2	4	4(tie)	1(tie)	4(tie)	5	6
\$1.6B-\$3.1B	1	1	4(tie)	4	2	2(tie)	3	2(tie)	4(tie)	6
\$580 Million-\$1.6B	2	1	4	2	3	5	1	3	5	4
\$100M-\$580M	1	1	4	4	3	2(tie)	2	2(tie)	5	6
Less than \$100M	1(tie)	2	4	1	3	3	1(tie)	4	5	5
All Respondents	1	1	4	2	3	3	2	4	5	5

Revenue Categories	Resources in geographies/markets where needed*		Cheaper than adding staff		Limits on internal head-count		Ability to quantify results	
	2005	2007	2005	2007	2005	2007	2005	2007
\$6 Billion+		2	7	8	5	7	8	9
\$3.1B-\$6B		3	7	7(tie)	6	7(tie)	8	9
\$1.6B-\$3.1B		5	6(tie)	8	6(tie)	7	8	9
\$580 Million-\$1.6B		7	6	8	7	6	8	9
\$100M-\$580M		5	6	7	7	8	8	9
Less than \$100M		7	6	6	7	9	8	8
All Respondents		6	7	7	6	8	8	9

*New item in 2007

Base: All organizations using PR agencies and providing data about reasons for working with PR agencies

Data source: Q34a-i by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by "All respondents" does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Note: Differences between 2005 and 2007 are not calculated because question methodology changed in 2007

**Table III/D-5b: Reasons for Working with PR Agencies,
Year-Over-Year Ranking**

Reason	Ranking		
	2002	2005	2007
Additional arms & legs	8	1	1
Strategic/market insight and experience	1	4	2
Unique expertise		3	3
Complement our internal capabilities	2	2	4
Objective point of view	3	5	5
Resources in geographies / markets where needed*			6
Cheaper than adding staff	4	7	7
Limits on internal head-count	5	6	8
Ability to quantify results	6	8	9
Senior management expects me to	7		
*New item in 2007			
Base: All organizations using PR agencies and providing data about reasons for working with PR agencies			
Data source: Q34a-i; see Appendix for question wording			
Note: Differences between 2002 and 2007 and between 2005 and 2007 are not calculated because question methodology changed in 2007			

Findings/observations in 2007:

- a. Among all respondents, “additional arms and legs” remains the most cited reason for working with an outside PR agency, averaging 83% in 2007, with the very largest organizations (\$6 billion+) grading this response at 92%.
- b. Second most popular was “strategic/market insight and experience” at 71%, with “unique expertise” close behind at 66%.

On a year-over-year basis:

- a. Among all respondents in 2007, the frequency with which “strategic/market insight and experience” was cited increased by 8%, as compared with 2005.
- b. Among all respondents in 2007, the frequency with which “objective point of view” was cited increased by 7%, as compared with 2005.

The data suggest to us that:

- a. From the standpoint of the agency industry, “additional arms and legs” may not be the preferred rationale for working with outside firms, because it is generic and implies no intellectual or strategic benefit. Conversely, the substantial increases in citation of “strategic/market insight and experience” and “objective point of view” offer strong evidence that clients are becoming more dependent on their agencies for reasons other than sheer labor.*
- b. The continuing low rank given to “ability to quantify results” is further evidence of the PR profession’s inability to come up with commonly accepted measures of effectiveness, and a potential competitive advantage for firms that focus on evaluation.*

III/ E-1 and E-1a: Use of PR Evaluation Methodologies and Ranking of Evaluation Methods

Respondents were asked to describe the extent to which they use various measures to evaluate PR's effectiveness by selecting a number from 1 ("Do not use at all") to 7 ("Use significantly").

Table III/ E-1: Use of PR Evaluation Methodologies, Year-Over-Year								
1=Do not use at all, 7=Use significantly								
Methodology	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
Influence on corporate reputation	5.22	4.52	4.67	-0.55	0.15	264	464	482
Influence on stakeholder awareness	4.64	3.74	4.11	-0.53	0.37	258	448	477
Influence on employee attitudes	4.49	4.00	4.06	-0.43	0.06	266	453	481
Content analysis of clips	4.36	4.01	4.04	-0.32	0.03	266	461	484
Influence on stakeholder opinion		3.65	4.02		0.37		447	466
Total number of clips	4.02	3.90	3.87	-0.15	-0.03	256	451	474
Influence on corporate culture	4.25	3.67	3.76	-0.49	0.09	262	455	475
Total impressions		3.70	3.74		0.04		445	473
Total number of clips in "top tier" media		3.87	3.69		-0.18		444	468
Crisis avoidance/mitigation	4.28	3.55	3.57	-0.71	0.02	260	452	476
Total circulation	3.89	3.34	3.33	-0.56	-0.01	256	436	461
Influence on share of voice	4.08	3.06	3.29	-0.79	0.23	253	434	464
Ad equivalency of clips	3.17	2.99	2.82	-0.35	-0.17	264	451	478
Contribution to sales	3.10	2.65	2.65	-0.45	0.00	253	446	464
Contribution to market share	2.49	2.23	2.40	-0.09	0.17	253	439	465
Contribution to profitability	2.56	2.33	2.22	-0.34	-0.11	253	445	459
Influence on stock performance	2.80	2.26	1.85	-0.95	-0.41	246	420	430

Base: All organizations providing data about use of PR evaluation methodologies

Data source: Q21a-q; see Appendix for question wording

**Table III/ E-1a: Use of PR Evaluation Methodologies,
Year-Over-Year Ranking**

Methodology	Ranking		
	2005	2007	Dif 05 & 07
Influence on corporate reputation	1	1	0
Influence on stakeholder awareness	6	2	4
Influence on employee attitudes	3	3	0
Content analysis of clips	2	4	-2
Influence on stakeholder opinion	9	5	4
Total number of clips	4	6	-2
Influence on corporate culture	8	7	1
Total impressions	7	8	-1
Total number of clips in "top tier" media	5	9	-4
Crisis avoidance/mitigation	10	10	0
Total circulation	11	11	0
Influence on share of voice	12	12	0
Clip ad equivalency	13	13	0
Contribution to sales	14	14	0
Contribution to market share	17	15	2
Contribution to profitability	15	16	-1
Influence on stock performance	16	17	-1
Base: All organizations providing data about use of PR evaluation methodologies			
Data source: Q21a-q; see Appendix for question wording			

Findings/observations in 2007:

Among all respondents, “influence on corporate reputation” scored the highest use rate (4.67) among methodologies used to evaluate PR effectiveness, and “influence on stock performance” scored the lowest (1.85). (See Section IV for differences between public and private companies.)

On a year-over-year basis:

“Influence on corporate reputation” has remained the highest scoring metric, by far, since the first GAP survey six years ago in 2002.

The data suggest to us that:

- a. The fact that a score of 4.67, on a scale of 7, was the highest earned by any methodology strongly suggests to us a lack of enthusiasm for the currently available measurement techniques.*
- b. The movement continues away from the traditional quantifiable measures of clips, ad equivalency, impressions, total circulation, etc.*
- c. Measuring reputation remains a favored methodology – this despite the lack of any widely adopted method for doing so.*
- d. Measures that financial analysts and senior management most rely on to track progress – such as influence on stock performance, contribution to profitability, to market share and to sales – are ranked very low by respondents, possibly because of the lack of reliable tools that can measure the impact of PR on those vectors.*
- e. Detachment from such measures that mean the most to senior management may contribute to any remaining skepticism held by senior management toward the communications function.*
- f. As shown in Table III/B-6, organizations have been reluctant to allocate adequate resources to PR evaluation, preferring to focus on execution. At a time when the profession is under increasing pressure to demonstrate its value in “hard” terms, this may be a dangerous, self-defeating posture.*
- g. Rankings may be deceptive because of the limited ranges between raw scores.*

III/E-2: PR Evaluation: Use of Data from Other Functions

Respondents were asked to describe the extent to which they make use of data from other organizational functions (marketing, human resources, sales, etc.) when evaluating their PR activities, by selecting a number from 1 (“Strongly disagree”) to 7 (“Strongly agree”). This information helps us to assess the extent to which PR is integrated with other disciplines and how much PR utilizes data from those disciplines when evaluating its activities. This may also be seen as a gauge of the extent to which organizations are “silo’d.”

Table III/E-2: Use Data from Other Functions, Year-Over-Year					
1= Strongly disagree, 7= Strongly agree					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	4.75	4.15	-0.60	60	53
\$3.1B-\$6B	3.74	4.47	0.73	23	34
\$1.6B-\$3.1B	4.50	4.64	0.14	50	33
\$580 Million-\$1.6B	4.11	4.86	0.75	73	44
\$100M-\$580M	4.70	4.62	-0.08	115	84
Less than \$100M	4.55	4.56	0.01	148	172
All Respondents	4.50	4.55	0.05	479	509

Base: All organizations providing data about using data from other functions (e.g., Marketing, HR, etc.)
 Data source: Q22 by Q13 (as categories); see Appendix for question wording
 Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

***Findings/observations in 2007:**

Most respondents make some use of data from other functions to measure PR performance.

The data suggest to us that:

While some use is being made of such data, practitioners may not be making optimal use of potentially valuable information from such data driven functions as marketing, finance, and human resources when evaluating (and planning) their work.

* Although there may appear to be noteworthy year-over-year and cross-category differences, caution must be used when interpreting these differences due to sample size and related margins of error.

III/F-1 and F-1a: Senior Management’s Views and Rankings of Nine Functions’ Contributions to Organizational Success

Respondents, who are themselves PR practitioners, were asked to rank senior management’s perceptions of the contributions to success made by nine common functions, including PR. Rating was done on a scale of 1 (“Does not contribute significantly”) to 7 (“Contributes significantly”).

Revenue Categories	Finance					Marketing					PR					Strategic Planning					Information Technology				
	Average			Respondents		Average			Respondents		Average			Respondents		Average			Respondents		Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5.63	5.78	0.15	44	49	5.63	5.88	0.25	44	49	5.87	5.86	-0.01	44	49	5.45	5.24	-0.21	43	49	4.81	5.02	0.21	43	49
\$3.1B-\$6B	6.00	5.73	-0.27	21	33	5.00	5.41	0.41	20	32	5.13	5.25	0.12	21	32	5.33	4.94	-0.39	21	33	4.96	5.03	0.07	21	32
\$1.6B-\$3.1B	5.76	6.30	0.54	31	33	5.06	5.33	0.27	32	33	4.74	5.16	0.42	32	32	4.74	5.64	0.90	32	33	5.09	5.52	0.43	32	33
\$580 Million-\$1.6B	5.66	5.89	0.23	54	44	5.05	5.07	0.02	53	42	5.04	5.12	0.08	53	43	4.97	5.41	0.44	52	44	5.14	5.39	0.25	54	44
\$100M-\$580M	5.64	5.34	-0.30	64	80	5.61	5.47	-0.14	65	79	5.27	5.66	0.39	65	83	5.33	5.15	-0.18	63	79	5.20	4.84	-0.36	64	80
Less than \$100M	5.52	5.45	-0.07	56	169	5.59	5.65	0.06	56	167	5.53	5.58	0.05	53	168	5.26	5.45	0.19	56	169	5.18	5.03	-0.15	56	168
All Respondents	5.59	5.59	0.00	274	489	5.42	5.51	0.09	274	486	5.30	5.49	0.19	272	492	5.19	5.32	0.13	271	492	5.09	5.06	-0.03	274	490
Revenue Categories	Sales					Human Resources					Legal					Security									
	Average			Respondents		Average			Respondents		Average			Respondents		Average			Respondents						
	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5.91	6.04	0.13	43	50	5.26	5.59	0.33	44	49	5.50	5.43	-0.07	44	49	3.96	4.02	0.06	42	48					
\$3.1B-\$6B	5.95	5.82	-0.13	19	33	5.00	5.18	0.18	21	33	5.08	4.82	-0.26	21	33	3.41	3.53	0.12	19	32					
\$1.6B-\$3.1B	5.93	6.31	0.38	31	32	4.77	5.16	0.39	32	32	4.89	5.48	0.59	32	33	3.57	4.09	0.52	32	32					
\$580 Million-\$1.6B	5.21	5.42	0.21	49	38	4.88	5.43	0.55	54	44	4.81	5.20	0.39	53	44	3.26	3.45	0.19	51	42					
\$100M-\$580M	5.59	4.59	-1.00	55	71	4.66	4.75	0.09	65	81	4.67	4.73	0.06	63	79	3.36	3.44	0.08	61	78					
Less than \$100M	5.34	4.62	-0.72	54	151	4.70	4.73	0.03	56	168	4.32	4.04	-0.28	55	162	3.20	3.32	0.12	55	160					
All Respondents	5.53	4.96	-0.57	255	447	4.78	4.92	0.14	276	491	4.71	4.60	-0.11	272	481	3.38	3.54	0.16	264	469					

Base: All organizations providing data about senior management's perceptions of different organizational functions
 Data source: Q28a-i by Q13 (as categories); see Appendix for question wording
 Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

**Table III/F-1a: Senior Management Views of Nine Functions
Contributions to Organizational Success,
Year-Over-Year Ranking**

Concerns	Ranking			
	2002	2005	2007	Dif 05 & 07
Finance	1	1	1	0
Marketing	2(tie)	3	2	1
PR	6	4	3	2
Strategic Planning	2(tie)	5	4	-1
Information Technology	4	6	5	-1
Sales		2	6	4
Human Resources	7	7	7	0
Legal	5	8	8	0
Security	8	9	9	0
Base: All organizations providing data about senior management's perceptions of different organizational functions				
Data source: Q28a-i; see Appendix for question wording				
Note: Differences between 2002 and 2007 are not calculated because question methodology changed after 2002				

Findings/observations in 2007:

An examination of the average raw scores on the 1-7 scale for all respondents (shown at the bottom of Table III/F-1, shows the following scores and rankings: (1) Finance, 5.59; (2) Marketing, 5.51; (3) PR, 5.49; (4) Strategic Planning, 5.32; (5) Information Systems, 5.06; (6) Sales, 4.96; (7) HR, 4.92; (8) Legal, 4.60; (9) Security, 3.54.

On a year-over-year basis:

In GAP V (2007), PR ranked third in perceived contribution, while in GAP I (2002) it ranked sixth.

Statistical Correlations:

- a. Statistical correlations of responses from various questions reveal that among organizations in which the C-Suite perceives PR/Communications as contributing significantly to organizational success, as compared with those in which it does not, respondents are significantly more likely to:
 - Report that the C-Suite takes PR recommendations seriously
 - Report that PR/Communications is invited to meetings dealing with important issues that may or may not have communications implications
 - Report that PR/Communications is invited to meetings dealing with organizational strategic planning
 - Have responsibility for community relations, corporate reputation, crisis management, executive communications, marketing PR/product PR, monitoring and participation in the blogosphere and in other online media, and public affairs
 - Evaluate PR's effectiveness by using ad equivalency of clips, content analysis of clips, contribution to market share, contribution to profitability, crisis avoidance/mitigation, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, influence on stakeholder opinions, total circulation, total impressions, total number of clips, and total number of clips in "top tier" media
 - Make use of data from other functions when evaluating your PR activities
 - Report that their CEOs believe that organizational reputation contributes to organizational success
 - Report that the communications functions within the organizations are well integrated
 - Report that the PR/communications function is well integrated with other departments
 - Describe their organizations as flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)

- b. Statistical correlations of responses from various questions reveal that among public and private companies in which the C-Suite perceives PR/Communications as contributing significantly to organizational success, as compared with those in which it does not, respondents are significantly more likely to report that their CEOs believe that PR contributes to:
 - Maintaining or increasing market share
 - Financial success
 - Maintaining or increasing sales

The data suggest to us that:

- a. The estimation by PR practitioners of how well management views their contributions has improved dramatically in the last 5 to 6 years.*
- b. The many corollary, positive attributes that apply to organizations in which the C-Suite perceives PR as contributing more to organizational success strongly suggest that this is an attribute of best practice communications organizations.*

III/F-2: Degree of Management Support for PR Function

Respondents were asked to rate the level of support the PR function receives from senior management in their organization, using a 1 (“Very little support”) to 7 (“Very strong support”).

Table III/F-2: Degree of Management Support for PR Function, Year-Over-Year								
1= Very little support, 7=Very strong support								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	5.90	5.95	5.90	0.00	-0.05	72	61	51
\$3.1B-\$6B	5.90	5.76	5.35	-0.55	-0.41	25	25	34
\$1.6B-\$3.1B	6.10	5.26	5.82	-0.28	0.56	42	50	34
\$580 Million-\$1.6B	5.70	5.26	5.69	-0.01	0.43	51	78	45
\$100M-\$580M	5.80	5.49	5.69	-0.11	0.20	52	118	86
Less than \$100M	6.00	5.58	5.79	-0.21	0.21	38	153	176
All Respondents	5.90	5.52	5.73	-0.17	0.21	280	495	517
Base: All organizations providing data about senior management support for PR function								
Data source: Q9 by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

The management support score was the highest in the \$6B+ revenue category (5.90), and the lowest – but only marginally so – was among organizations reporting revenue of \$3.1B to \$6B, which rated management support for PR at a still respectable 5.35 out of a possible 7.

On a year-over-year basis:

While the numbers appear to vary to a degree, the authors found no noteworthy differences in the level of management support among the three periods being compared.

The data suggest to us that:

- a. It is noteworthy that in this and the other GAP V gauges of PR's standing within an organization, the profession consistently does best among the largest respondent organizations. To the extent that those organizations represent the most successful American enterprises, this can be seen as a strong endorsement of the profession that organizations of other sizes might be wise to emulate.*
- b. The authors believe that results here reflect a consistently healthy degree of management support for PR that can be leveraged to expand budgets and staff.*
- c. This and other key indicators of its health (i.e., budget and staff growth) suggest to us that the profession is better positioned to weather an economic downturn than it has been in the past.*

III/F-3: Extent to which PR Recommendations are Taken Seriously

Respondents were asked to rate the extent to which PR recommendations are taken seriously by senior management in their organizations by selecting a number from 1 (“Not taken seriously at all”) to 7 (“Taken very seriously”).

Table III/F-3: Extent to which PR Recommendations are Taken Seriously, Year-Over-Year								
1= Not taken seriously at all, 7=Taken very seriously								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	5.92	5.95	5.85	-0.07	-0.10	48	61	52
\$3.1B-\$6B	5.91	5.72	5.50	-0.41	-0.22	11	25	34
\$1.6B-\$3.1B	6.03	5.24	5.85	-0.18	0.61	33	50	34
\$580 Million-\$1.6B	5.40	5.40	5.58	0.18	0.18	45	78	45
\$100M-\$580M	5.43	5.45	5.74	0.31	0.29	42	118	86
Less than \$100M	5.69	5.61	5.60	-0.09	-0.01	32	153	176
All Respondents	5.73	5.56	5.67	-0.06	0.11	280	495	518
Base: All organizations providing data about how seriously senior management takes PR recommendations								
Data source: Q8 by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

- a. The profession clearly believes that its recommendations were taken seriously in 2007, with respondents assigning an average overall score of 5.67 (on a 1-7 scale).
- b. Differences between highest and lowest scores among revenue categories – 5.50 at the bottom and 5.85 at the top – are marginal.

On a year-over-year basis:

While the numbers appear to vary to a degree, the authors found no noteworthy differences in the degree to which PR recommendations are taken seriously among the three periods being compared.

The data suggest to us that:

- a. Given the responses to this and the previous query, the authors believe that the status of PR practitioners in their organizations as serious contributors and counselors to senior management is stable and strong.*
- b. In this and the other GAP V gauges of PR's standing within the organization, the profession consistently does best among the largest respondent organizations (in terms of gross revenue). To the extent that those entities represent the most successful American enterprises, this result can be seen as a strong endorsement of the profession.*
- c. This and other key indicators of professional good health (i.e., budget and staff growth) suggest to us that the PR industry is better positioned to weather an economic downturn than it has been in the past.*

III/F-4: Contributions to Strategic Decision Making and Planning

Respondents were asked to describe the extent to which PR and reputational considerations are factored into strategic decision making and planning in their organizations, selecting a number from 1 (“Never”) to 7 (“Always”).

Table III/F-4: Extent to which PR and Reputational Considerations Factored into Strategic Decision Making and Planning, Year-Over-Year								
1= Never, 7=Always								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	4.98	5.43	5.50	0.52	0.07	48	61	52
\$3.1B-\$6B	4.18	5.20	5.00	0.82	-0.20	11	25	34
\$1.6B-\$3.1B	4.61	4.76	5.21	0.60	0.45	33	50	34
\$580 Million-\$1.6B	4.58	4.86	5.11	0.53	0.25	45	78	45
\$100M-\$580M	4.29	4.97	5.42	1.13	0.45	42	118	86
Less than \$100M	4.94	5.18	5.36	0.42	0.18	32	152	176
All Respondents	4.60	5.05	5.33	0.73	0.28	280	494	518
Base: All organizations providing data about PR considerations factored into organizational strategic decision making and planning								
Data source: Q10 by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

- a. The overall score of 5.33 indicates that respondents believe that PR and reputational considerations were factored into strategic and operational decision making and planning within their organizations.
- b. Respondents in the highest revenue category (\$6B +) reported the highest score, 5.50. The lowest score, 5.00, was reported among organizations with revenue in the category (\$3.1B - \$6B).

On a year-over-year basis:

The progression over time, from 2002 to 2007, is reassuring, rising from 4.60 out of a possible 7 in 2002, to this year’s average of 5.33.

The data suggest to us that:

- a. The largest organizations again have put a higher value on PR contributions here than have other revenue categories participating in the survey. The authors believe that the improvement in the average score in 2007 since 2002 is less important than the evidence it gives of the strong and continuing role PR professionals are taking inside our largest organizations in the strategic decisions and plans made by senior management.*
- b. Given the responses to this and the previous queries, the authors believe that the status of PR practitioners in their organizations as serious contributors and counselors to senior management is stable and strong.*
- c. This and other key indicators of its health (i.e., budget and staff growth) suggest to us that the profession is better positioned to weather an economic downturn than it has been in the past.*

III/F-5: Likelihood of PR Being Invited to Meetings Dealing with Strategic Planning

Respondents were asked to describe the likelihood that they would be invited to meetings dealing with organizational strategic planning by selecting a number from 1 (“Never invited”) to 7 (“Always invited”).

Table III/F-5: Likelihood of PR Being Invited to Meetings Dealing with Strategic Planning, Year-Over-Year					
1= Never, 7= Always					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5.30	5.13	-0.17	60	52
\$3.1B-\$6B	4.92	4.31	-0.61	25	32
\$1.6B-\$3.1B	4.32	4.91	0.59	50	33
\$580 Million-\$1.6B	4.63	4.84	0.21	78	43
\$100M-\$580M	4.87	5.46	0.59	118	84
Less than \$100M	4.90	5.44	0.54	151	171
All Respondents	4.84	5.20	0.36	492	505
Base: All organizations providing data about likelihood of PR being invited to attend senior-level strategic planning meetings					
Data source: Q11b by Q13 (as categories); see Appendix for question wording					
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data					

Findings/observations in 2007:

Respondents generally believe that they would be asked to participate in meetings related to organizational (as distinguished from PR-specific) strategic planning, with an average rating of 5.20 out of 7.

On a year-over-year basis:

GAP V responses to this question have increased substantially over GAP IV’s, from 4.84 to 5.20.

The data suggest to us that:

- a. It is encouraging to see that, even among smaller organizations, PR practitioners are more and more involved in the important strategy meetings at which the key decisions and direction of their organizations are planned and analyzed.*
- b. The strong showing in this metric suggests to us that senior management at organizations of all sizes are becoming more reputation-conscious in making key decisions about the future and increasingly desirous of having PR counsel at the table when important decisions are debated and made.*

III/F-6: Likelihood of PR/Communications Being Invited to Meetings Dealing with Important Issues that May or May Not Have Communications Implications

Respondents were asked to describe the likelihood that they would be invited to meetings dealing with important issues that may or may not have PR implications by selecting a number from 1 (“Never”) to 7 (“Always”).

Table III/F-6: Likelihood of PR/Communications Being Invited to Meetings Dealing with Important Issues that May or May Not Have Communications Implications,* Year-Over-Year					
1=Never, 7=Always					
Revenue Categories	Average			Respondents	
	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5.37	5.65	0.28	60	52
\$3.1B-\$6B	5.04	4.75	-0.29	25	32
\$1.6B-\$3.1B	4.68	5.06	0.38	50	33
\$580 Million-\$1.6B	4.82	4.98	0.16	78	43
\$100M-\$580M	4.81	5.50	0.69	118	84
Less than \$100M	4.89	5.44	0.55	153	171
All Respondents	4.90	5.29	0.39	494	505

* In 2007, "PR implications" changed to "communications implications" in question text; as such, year-to-year comparisons must be interpreted with caution

Base: All organizations providing data about likelihood of PR being invited to attend senior-level meetings that may have communications implications

Data source: Q11a by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Findings/observations in 2007:

With overall scores of 5.29, respondents generally believe that they would be asked to participate in meetings related to issues that may or may not have PR implications.

On a year-over-year basis:

The overall score of 5.29 in this report is a notable increase over 4.9 in 2005.

The data suggest to us that:

- a. The largest organizations again have put a higher value on PR contributions here than have other revenue categories participating in the survey. This is yet another indication of a trend seen over the past several GAPs, showing that senior managers are increasingly desirous of having the PR/communications point-of-view represented whenever serious issues are discussed.*
- b. This finding also suggests to us that PR is becoming better integrated with other organizational functions.*

III/F-7a through F-7b: Extent to Which CEO Believes That...

Respondents were asked to describe using a scale of 1 (“Strongly disagree”) to 7 (“Strongly agree”) the extent to which their CEOs would agree to the following statements:

- a. PR evaluation methods are adequate.
- b. Organizational reputation contributes to success.
- c. PR contributes to maintaining or increasing market share.
- d. PR contributes to financial success.
- e. PR contributes to maintaining or increasing sales.

Table III/F-7a: Extent to which CEO Believes that^E, Year-Over-Year

1= Strongly disagree, 7= Strongly agree

Revenue Categories	Evaluation methods are adequate			Respondents		Organizational reputation contributes to success			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007
\$6 Billion+	5.16	5.18	0.02	57	51	6.16	6.29	0.13	61	52
\$3.1B-\$6B	4.57	4.85	0.28	23	33	5.70	6.12	0.42	23	34
\$1.6B-\$3.1B	4.85	5.09	0.24	46	33	5.84	6.09	0.25	47	34
\$580 Million-\$1.6B	4.49	5.05	0.56	77	44	5.82	6.16	0.34	78	45
\$100M-\$580M	4.96	5.13	0.17	114	85	6.05	6.12	0.07	116	85
Less than \$100M	4.92	5.15	0.23	140	171	6.09	6.22	0.13	143	175
All Respondents	4.87	5.09	0.22	467	507	5.99	6.14	0.15	478	514

Base: All organizations providing data about CEO perceptions about PR evaluation methods and/or organizational reputation

Data source: Q23 and q24 by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Table III/F-7b: Extent to which CEO Believes that PR Contributes to Success, Year-Over-Year															
1= Strongly disagree, 7= Strongly agree															
Revenue Categories	PR contributes to maintaining or increasing market share			Respondents		PR contributes to financial success			Respondents		PR contributes to maintaining or increasing sales			Respondents	
	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007	2005	2007	Dif 05 & 07	2005	2007
	\$6 Billion+	5.16	5.14	-0.02	53	49	5.24	5.37	0.13	51	49	5.04	4.96	-0.08	52
\$3.1B-\$6B	4.58	4.39	-0.19	22	31	4.83	4.45	-0.38	22	31	4.39	4.42	0.03	21	31
\$1.6B-\$3.1B	4.37	5.32	0.95	40	31	4.44	5.23	0.79	39	31	4.50	5.29	0.79	39	31
\$580 Million-\$1.6B	4.73	4.83	0.10	65	30	4.79	4.57	-0.22	65	30	4.67	4.70	0.03	64	30
\$100M-\$580M	5.17	5.69	0.52	71	39	4.92	5.38	0.46	73	39	4.99	5.47	0.48	71	38
Less than \$100M	5.56	5.34	-0.22	65	47	5.43	5.19	-0.24	66	47	5.41	5.17	-0.24	64	46
All Respondents	5.07	5.15	0.08	322	261	5.01	5.08	0.07	322	261	4.95	5.03	0.08	317	259

Base: All public and private organizations providing data about CEO perceptions of PR contributions to market share, financial success, and/or sales

Data source: Q25, Q26, and Q27 by Q13 (as categories); see Appendix for question wording

Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data

Findings/observations in 2007:

PR evaluation methods are adequate.

- With overall scores of 5.09, respondents generally believed that their CEOs would agree that PR evaluation methods were adequate. This appears to be true in all revenue categories.
- The range of levels of agreement was 4.85 (\$3.1B to \$6B) to 5.18 (\$6B+).
- Organizational size did not have a bearing on the belief that evaluation methods are adequate.

Organizational reputation contributes to success.

- With a very high overall score of 6.14, respondents believe that their CEOs would agree that organizational reputation contributes to success.
- This appears to be true across all revenue categories, among which all rated the statement above 6 out of 7 possible. The highest score (6.29) came from the very largest organizations.

PR contributes to maintaining or increasing market share (public and private organizations only)

- a. With an overall score of 5.15, respondents generally believed that their CEOs would agree that PR contributes to maintaining or increasing market share. This appears to be true across all revenue categories.
- b. Respondents from only two categories rated this statement below 5 – respondents from organizations with revenues in the \$3.1B-\$6B range gave it a rating of 4.39 and those in the \$580M-\$1.6B range rated it at 4.83.
- c. The range of levels of agreement was 4.39 (revenue \$3.1-\$6B) to 5.69 (revenue \$100M-\$580M).

PR contributes to financial success (public and private organizations only).

- a. With an overall score of 5.08, respondents generally believed that their CEO would agree that PR contributes to the financial success of the organization.
- b. This appears to be true, to varying degrees, among all revenue categories.
- c. The range of levels of agreement was 4.45 (revenue \$3.1B-\$6B) to 5.38 (revenue \$100M-\$580M). One of the highest scores (5.37, vs. the top score of 5.38) came from the very largest organizations.

PR contributes to maintaining or increasing sales (public and private organizations only).

- a. With an overall score of 5.03, respondents generally believed that their CEOs would agree that PR contributes to maintaining or increasing sales.
- b. This appears to be true, to varying degrees, among all revenue categories.
- c. The range of levels of agreement was 4.42 (revenue \$3.1B-\$6B) to 5.47 (revenue \$100M-\$580M).

On a year-over-year basis:

The authors found no noteworthy differences among the three periods being compared. This consistency from GAP to GAP further underlines and validates respondents' evident optimism.

The data suggest to us that:

The conviction of respondents that CEOs value the contributions of PR is undeniable and signifies a much improved self-image and degree of confidence within the profession. Nonetheless, the authors believe that practitioners must guard against the unhealthy flip side of that confidence – overconfidence. Still to be addressed is the evaluation-related question, “from what hard data do they (and their CEOs) derive their optimistic beliefs?”

III/G-1: All Functions for which Respondents have Budgetary Responsibility and Their Rankings

Respondents were asked to indicate the communications-related functions for which their departments have primary budgetary responsibility by selecting from the list appearing in the table below.

Table III/G-1: Functions for which Respondents have Budgetary Responsibility, Year-Over-Year Ranking					
Functions	Percent			Ranking	
	2005	2007	Dif 05 & 07	2005	2007
Corporate communications	85%	79%	-6%	1	1
Marketing PR/Product PR	66%	76%	10%	3	2
Employee/internal communications	67%	68%	1%	2	3
Corporate image - Graphic standards	64%	65%	1%	5(tie)	4
Crisis management	65%	64%	-1%	4	5(tie)
External web site	64%	64%	0%	5(tie)	5(tie)
Community relations	64%	63%	-1%	5(tie)	7
Corporate reputation	59%	61%	2%	9	8
Advertising - corporate image	62%	60%	-2%	8	9
Executive communications	56%	59%	3%	10	10
Public affairs	52%	52%	0%	11	11
Issues management	38%	42%	4%	15	12
Advertising - issues	42%	41%	-1%	12	13
Corporate intranet	37%	40%	3%	16	14
Advertising - product	39%	39%	0%	13(tie)	15
Monitoring and participation in the blogosphere*		33%			16
Philanthropy	39%	28%	-11%	13(tie)	17
Corporate social responsibility*		27%			18
Monitoring and participation in other online media*		25%			19
Monitoring and participation in online social networking*		22%			20
Government relations	24%	21%	-3%	17	21
Investor relations	17%	12%	-5%	18	22
Ethics/ombudsman	10%	10%	0%	19	23
Governance/standards	9%	7%	-2%	20	24
Respondents	496	516			
* New item in 2007					
Base: All organizations providing data about functions for which PR departments have primary budgetary responsibility					
Data source: Q12a-x; see Appendix for question wording					
Note: Differences in rankings between 2005 and 2007 are not calculated because question methodology changed in 2007					

Findings/observations in 2007:

- a. It is absolutely essential that responses to this question be seen in the context of organizational size, using Tables III/G-1a through III/G-1f in the following pages. For example, the cumulative data in Table III/G-1 indicates that 59% of respondents have responsibility for “Executive Communication.” However, among the largest organizations, 89% have such responsibility.
- b. New measures introduced this year included monitoring and participating in the blogosphere (\$6 billion+ revenue category: 68%; Overall: 33%), corporate social responsibility (\$6 billion+ revenue category: 51%; Overall: 27%), monitoring and participating in online social networking (\$6 billion+ revenue category: 51%; Overall: 22%) and monitoring and participating in other online media (\$6 billion+ revenue category: 38%; Overall: 25%).

On a year-over-year basis:

While the data appear to vary to a degree, the authors found no noteworthy year-over-year changes.

Statistical Correlations:

- a. Organizations in which PR/Communications has budgetary responsibility for Corporate Social Responsibility (CSR) are significantly more likely to report:
 - The communications functions within the organization are well integrated
 - Larger gross revenues, PR budgets, and PR/Communications staffs
 - The C-Suite takes PR recommendations seriously
 - Higher levels of support for the PR function from the C-Suite
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - Responsibility for community relations, corporate communications (non-advertising), corporate ethics/ombudsman, corporate external website, corporate governance/standards, corporate intranet, corporate reputation, crisis management, employee/internal communications, executive communications, government relations/lobbying, investor relations, issues management, monitoring and participation in the blogosphere, in online social networking, and in other online media, philanthropy, and public affairs
 - Making use of data from other functions when evaluating your PR activities
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated

- The PR/communications function is well integrated with other departments
 - Their organizations are flexible (versus rigid)
- b. And significantly less likely to report that their organizations are people-first (versus profits-first)
- c. Organizations in which PR/Communications has budgetary responsibility for digital media (i.e., monitoring of and/or participation in social networks, blogosphere, etc.) are significantly more likely to report:
- Larger gross revenues, PR budgets, and PR/Communications staffs
 - C-Suite takes PR recommendations seriously
 - Higher levels of support for the PR function from the C-Suite
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - Responsibility for corporate communications (non-advertising), corporate ethics/ombudsman, corporate external website, corporate intranet, corporate reputation, corporate social responsibility oversight, crisis management, executive communications, government relations/lobbying, investor relations, issues management, and philanthropy
 - Evaluating PR's effectiveness by using ad equivalency of clips, content analysis of clips, contribution to market share, contribution to sales, crisis avoidance/mitigation, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, influence on stakeholder opinions, influence on stock performance, total circulation, total impressions, total number of clips, and total number of clips in "top tier" media
 - Using data from other functions when evaluating your PR activities
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
- d. And significantly less likely to report that their organizations are people-first (versus profits-first)

- e. Organizations in which PR/Communications has direct budgetary responsibility for issues management are significantly more likely to report:
- Larger gross revenues, PR budgets, and PR/Communications staffs
 - The C-Suite takes PR recommendations seriously
 - Significantly higher levels of support for the PR function from the C-Suite
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Responsibility for advertising of issues, community relations, corporate communications (non-advertising), corporate ethics/ombudsman, corporate external website, corporate intranet, corporate reputation, corporate social responsibility oversight, crisis management, employee/internal communications, executive communications, government relations/lobbying, investor relations, issues management, monitoring and participation in the blogosphere, in online social networking, and in other online media, philanthropy, and public affairs
 - Evaluating PR's effectiveness by using content analysis of clips, crisis avoidance/mitigation, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, influence on stakeholder opinions, influence on stock performance, and total number of clips in "top tier" media
 - Making use of data from other functions when evaluating your PR activities
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Their organizations as strategic (versus tactical)

The data suggest to us that:

The many positive attributes that run in tandem with having responsibility for Corporate Social Responsibility, Digital Media, and Issues Management are certainly noteworthy. While these organizations tend to be larger in terms of gross revenues, and therefore better able to afford the adoption of new techniques, the fact that they are doing so at a rapid clip, while also enjoying the benefits of numerous other positive attributes, strongly suggests to the authors that organizations of all types and sizes should emulate their attributes. Where budget is a limiting factor, it would be wise to review all current practices with an eye toward reappportioning resources and reprioritizing practices.

NOTE: The following six tables provide data for each of the six organizational revenue categories, but no additional commentary is provided.

**Table III/G-1a: Functions for which Respondents have
Budgetary Responsibility, Year-Over-Year**

Revenue Category: \$6 Billion+

Functions	Percent		
	2005	2007	Dif 05 & 07
Corporate communications	82%	89%	7%
Employee/Internal communications	74%	89%	15%
Executive communications	74%	89%	15%
Crisis management	70%	83%	13%
Corporate reputation	77%	81%	4%
Corporate intranet	52%	68%	16%
Monitoring and participation in the blogosphere*		68%	
Issues management	57%	66%	9%
Corporate external web site	57%	60%	3%
Marketing PR/Product PR	61%	60%	-1%
Community relations	59%	51%	-8%
Corporate social responsibility*		51%	
Monitoring and participation in online social networking*		51%	
Corporate image - Graphic standards	54%	49%	-5%
Advertising - corporate image	44%	42%	-2%
Public affairs	51%	42%	-9%
Philanthropy	52%	40%	-12%
Monitoring and participation in other online media*		38%	
Advertising - issues	34%	25%	-9%
Government relations	34%	25%	-9%
Advertising - product	20%	15%	-5%
Investor relations	20%	15%	-5%
Corporate ethics/ombudsman	16%	9%	-7%
Corporate governance/standards	11%	4%	-7%
Respondents	61	53	

* New item in 2007

Base: All organizations with gross revenues of \$6B or more [Fortune 500] providing data about functions for which PR departments have primary budgetary responsibility

Data source: Q12a-x by Q13 (as categories); see Appendix for question wording

Table III/G-1b: Functions for which Respondents have Budgetary Responsibility, Year-Over-Year

Revenue Category: \$3.1B-\$6B

Functions	Percent		
	2005	2007	Dif 05 & 07
Corporate communications	92%	88%	-4%
Executive communications	76%	88%	12%
Issues management	72%	82%	10%
Corporate reputation	84%	79%	-5%
Crisis management	92%	79%	-13%
Employee/Internal communications	80%	79%	-1%
Community relations	72%	67%	-5%
Corporate external web site	68%	64%	-4%
Marketing PR/Product PR	52%	64%	12%
Philanthropy	60%	64%	12%
Corporate image - Graphic standards	68%	61%	-7%
Corporate intranet	48%	58%	10%
Corporate social responsibility*		58%	
Advertising - corporate image	68%	52%	-16%
Monitoring and participation in the blogosphere*		52%	
Public affairs	64%	42%	-22%
Advertising - issues	48%	36%	-12%
Investor relations	80%	24%	-56%
Monitoring and participation in other online media*		21%	
Advertising - product	24%	18%	-6%
Government relations	28%	18%	-10%
Monitoring and participation in online social networking*		15%	
Corporate ethics / ombudsman	24%	12%	-12%
Corporate governance / standards	8%	6%	-2%
Respondents	25	33	
* New item in 2007			
Base: All organizations with gross revenues of \$3.1B-\$6B [Fortune 501-1000] providing data about functions for which PR departments have primary budgetary responsibility			
Data source: Q12a-x by Q13 (as categories); see Appendix for question wording			

**Table III/G-1c: Functions for which Respondents have
Budgetary Responsibility, Year-Over-Year**

Revenue Category: \$1.6B-\$3.1B

Functions	Percent		
	2005	2007	Dif 05 & 07
Corporate communications	86%	97%	11%
Crisis management	74%	88%	14%
Community relations	62%	79%	17%
Employee/Internal communications	72%	79%	7%
Corporate reputation	68%	76%	8%
Executive communications	62%	74%	12%
Marketing PR/Product PR	60%	68%	8%
Issues management	46%	65%	19%
Philanthropy	52%	62%	10%
Corporate social responsibility*		62%	
Public affairs	56%	56%	0%
Corporate intranet	44%	50%	6%
Corporate external web site	40%	47%	7%
Corporate image - Graphic standards	46%	47%	1%
Monitoring and participation in the blogosphere*		47%	
Advertising - corporate image	48%	44%	-4%
Advertising - issues	40%	26%	-14%
Government relations	26%	26%	0%
Monitoring and participation in other online media*		26%	
Monitoring and participation in online social networking*		26%	
Advertising - product	24%	15%	-9%
Corporate governance / standards	6%	12%	6%
Investor relations	18%	9%	-9%
Corporate ethics / ombudsman	6%	6%	0%
Respondents	50	34	

* New item in 2007

Base: All organizations with gross revenues of \$1.6B-\$3.1B [Fortune 1001-2000] providing data about functions for which PR departments have primary budgetary responsibility

Data source: Q12a-x by Q13 (as categories); see Appendix for question wording

**Table III/G-1d: Functions for which Respondents have
Budgetary Responsibility, Year-Over-Year**

Revenue Category: \$580 Million-\$1.6B

Functions	Percent		
	2005	2007	Dif 05 & 07
Corporate communications	90%	89%	-1%
Employee/Internal communications	83%	82%	-1%
Corporate reputation	60%	80%	20%
Marketing PR/Product PR	52%	77%	25%
Crisis management	69%	73%	4%
Corporate external web site	60%	70%	10%
Executive communications	62%	68%	6%
Corporate image - Graphic standards	65%	66%	1%
Advertising - corporate image	56%	59%	3%
Issues management	38%	55%	17%
Public affairs	45%	55%	10%
Community relations	65%	52%	-13%
Corporate intranet	36%	50%	14%
Advertising - product	23%	41%	18%
Monitoring and participation in the blogosphere*		39%	
Advertising - issues	24%	36%	12%
Investor relations	28%	30%	2%
Corporate social responsibility*		25%	
Monitoring and participation in other online media*		23%	
Monitoring and participation in online social networking*		23%	
Philanthropy	50%	20%	-30%
Government relations	27%	18%	-9%
Corporate ethics / ombudsman	6%	7%	1%
Corporate governance / standards	6%	7%	1%
Respondents	78	44	
* New item in 2007			
Base: All organizations with gross revenues of \$580M-\$1.6B [Fortune 2001-5000] providing data about functions for which PR departments have primary budgetary responsibility			
Data source: Q12a-x by Q13 (as categories); see Appendix for question wording			

**Table III/G-1e: Functions for which Respondents have
Budgetary Responsibility, Year-Over-Year**

Revenue Category: \$100M-\$580M

Functions	Percent		
	2005	2007	Dif 05 & 07
Corporate communications	89%	80%	-9%
Marketing PR/Product PR	50%	76%	26%
Crisis management	69%	68%	-1%
Employee/Internal communications	70%	68%	-2%
Community relations	61%	66%	5%
Advertising - corporate image	72%	65%	-7%
Corporate image - Graphic standards	73%	61%	-12%
Corporate reputation	54%	60%	6%
Corporate external web site	74%	58%	-16%
Executive communications	51%	58%	7%
Public affairs	45%	51%	6%
Advertising - issues	47%	41%	-6%
Corporate intranet	34%	40%	6%
Advertising - product	49%	35%	-14%
Issues management	38%	32%	-6%
Monitoring and participation in the blogosphere*		25%	
Monitoring and participation in other online media*		21%	
Monitoring and participation in online social networking*		20%	
Government relations	19%	19%	0%
Philanthropy	50%	19%	-31%
Corporate social responsibility*		19%	
Corporate ethics / ombudsman	4%	15%	11%
Corporate governance / standards	8%	8%	0%
Investor relations	28%	7%	-21%
Respondents	118	85	
* New item in 2007			
Base: All organizations with gross revenues of \$100M-\$580M [Fortune 5001-20000] providing data about functions for which PR departments have primary budgetary responsibility			
Data source: Q12a-x by Q13 (as categories); see Appendix for question wording			

**Table III/G-1f: Functions for which Respondents have
Budgetary Responsibility, Year-Over-Year**

Revenue Category: Less than \$100M

Functions	Percent		
	2005	2007	Dif 05 & 07
Marketing PR/Product PR	73%	84%	11%
Corporate image - Graphic standards	68%	76%	8%
Corporate communications	79%	73%	-6%
Advertising - corporate image	68%	70%	2%
Community relations	67%	68%	1%
Corporate external web site	72%	68%	-4%
Employee/Internal communications	51%	60%	9%
Public affairs	55%	57%	2%
Crisis management	53%	54%	1%
Corporate reputation	49%	53%	4%
Advertising - product	56%	52%	-4%
Advertising - issues	50%	51%	1%
Executive communications	45%	48%	3%
Issues management	27%	36%	9%
Corporate intranet	31%	30%	-1%
Monitoring and participation in the blogosphere*		23%	
Monitoring and participation in other online media*		23%	
Philanthropy	32%	23%	-9%
Monitoring and participation in online social networking*		20%	
Government relations	21%	19%	-2%
Corporate social responsibility*		17%	
Investor relations	15%	10%	-5%
Corporate ethics / ombudsman	13%	9%	-4%
Corporate governance / standards	12%	7%	-5%
Respondents	154	176	

* New item in 2007

Base: All organizations with gross revenues of less than \$100M [Fortune 20000+] providing data about functions for which PR departments have primary budgetary responsibility

Data source: Q12a-x by Q13 (as categories); see Appendix for question wording

III/H-1: Integration of Communication Function(s)

Respondents were asked to describe the extent to which they believe that the various communications functions within their organizations are integrated by choosing a number between 1 (“Not at all integrated”) and 7 (“Extremely well integrated”).

Table III/H-1: Extent to which Communications Functions are Integrated, Year-Over-Year								
1= Not at all integrated, 7=Extremely well integrated								
Revenue Categories	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
\$6 Billion+	5.00	5.00	4.94	-0.06	-0.06	33	57	53
\$3.1B-\$6B	4.78	4.71	5.24	0.46	0.53	18	24	33
\$1.6B-\$3.1B	4.56	4.59	4.67	0.11	0.08	27	49	33
\$580 Million-\$1.6B	4.95	4.87	5.07	0.12	0.20	22	77	45
\$100M-\$580M	4.13	4.73	4.77	0.64	0.04	30	117	84
Less than \$100M	4.42	4.72	5.04	0.62	0.32	43	146	176
All Respondents	4.64	4.76	4.92	0.28	0.16	173	480	514
Base: All organizations providing data about integration of communications functions								
Data source: Q29a by Q13 (as categories); see Appendix for question wording								
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data								

Findings/observations in 2007:

- a. With rankings in a tight cluster, ranging from a high of 5.24 to a low of 4.67 and an average score of 4.92, respondents believe that the various communications functions (i.e., marketing, corporate communication, investor relations, etc.) are only fairly well integrated.
- b. \$6 billion+ revenue category organizations respondents provided one of the lowest group scores for communication integration: 4.94.

On a year-over-year basis:

While the data appear to vary to a degree, the authors found no noteworthy year-over-year changes.

Statistical Correlations:

- a. Statistical correlations of responses from various questions reveal that respondents who report that the communications functions are well integrated in their organizations are also significantly more likely to report:
- A direct reporting line to the C-Suite
 - Believing their reporting line is appropriate
 - The C-Suite takes PR recommendations seriously
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Having responsibility for advertising of products, corporate governance/standards, government relations/lobbying, investor relations, monitoring and participation in online social networking and in other online media
 - Evaluating PR's effectiveness by using content analysis of clips, contribution to market share, contribution to profitability, contribution to sales, crisis avoidance/mitigation, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, and influence on stakeholder opinions
 - Making use of data from other functions when evaluating your PR activities
 - Their CEOs believe that the methods used to evaluate PR are adequate
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The PR/communications function is well integrated with other departments
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)

- b. Statistical correlations of responses from various questions reveal that among public and private companies, respondents who report that the communications functions are well integrated in their organizations are also significantly more likely to report:
- Their CEOs believe that PR contributes to maintaining or increasing market share
 - Their CEOs believe that PR contributes to financial success
 - Their CEOs believe that PR contributes to maintaining or increasing sales
- c. Statistical correlations of responses from various questions reveal that respondents who report that the communications function is well integrated with other parts of the organization are also significantly more likely to report:
- Believing their reporting line is appropriate
 - The C-Suite takes PR recommendations seriously
 - Higher levels of support from the C-Suite
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Having responsibility for advertising of products, corporate image, government relations/lobbying, and investor relations
 - Anticipating significantly higher PR budget changes in the next fiscal year
 - Evaluating PR's effectiveness by using ad equivalency of clips, content analysis of clips, contribution to market share, contribution to profitability, contribution to sales, crisis avoidance/mitigation, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, influence on stakeholder opinions, influence on stock performance, total circulation, total impressions, and total number of clips in "top tier" media
 - Making use of data from other functions when evaluating your PR activities
 - Their CEOs believe that the methods used to evaluate PR are adequate

- Their CEOs believe that organizational reputation contributes to organizational success
- The communications functions within the organizations are well integrated
- Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)

The data suggest to us that:

- a. The fact that there are no noteworthy year-over-year differences suggests that a consistent level of integration has been achieved. Nonetheless, that level of consistency is far from optimal and there is much room for improvement.*
- b. The many positive attributes applying to organizations in which the communications functions are well integrated are striking. Collectively these attributes provide a profile of what can be thought of as Best Practice Communications Organizations.*

III/H-1a: Extent to which PR/Communications Functions are Integrated with Other Departments

Respondents were asked to describe the extent to which they believe that the PR/communications functions within their organizations are integrated with other departments, by choosing a number between 1 (“Not at all integrated”) and 7 (“Extremely well integrated”).

Table III/H-1a: 2007 Extent to which PR/Communications Function is Integrated with Other Departments		
1= Not at all integrated, 7=Extremely well integrated		
Revenue Categories	Average	Respondents
\$6 Billion+	4.81	53
\$3.1B-\$6B	5.15	33
\$1.6B-\$3.1B	4.91	34
\$580 Million-\$1.6B	5.18	44
\$100M-\$580M	4.94	85
Less than \$100M	4.88	176
All Respondents	4.92	515
Base: All organizations providing data about integration of PR/Communications function with other departments		
Data source: Q29b by Q13 (as categories); see Appendix for question wording		
Note: The total number reflected by all respondents does not necessarily equal the sum of the six gross revenue categories because not all respondents provided gross revenue data		

Findings/observations in 2007:

- a. With rankings in a tight cluster from a low of 4.81 to a high of 5.18, and an overall average of 4.92, respondents believe that PR/Communications is only fairly well integrated with other departments.
- b. \$6 billion+ revenue category respondents provided the lowest group score for interdepartmental integration: 4.81.

On a year-over-year basis: N/A (new question)

The data suggest to us that:

- a. *As with the mediocre to fair degree of integration of the communication functions exhibited in responses to the preceding question, the degree to which communication is integrated with other organizational disciplines is limited. This may be a substantial barrier to optimal internal and external communication.*
- b. *The authors suggest that rather than tolerating a limited degree of integration and coordination among departments, PR/Communications should be the champion of cross functional cooperation, because:*
 - *It would enhance the overall communications effort and help to achieve organizational goals*
 - *It is no doubt what the C-Suite would prefer*
 - *It is consistent with the previously identified attributes of Best Practice Communications Organizations*

III/H-2 and H-2a: Organizational Description

Respondents were asked to describe their organizational environment by selecting a number from 1 to 7 to express their organization's place on a descriptive scale. For example, if they see their organization as being more "rigid" than "flexible," they would circle 1,2, or 3 on the 1-7 scale, where 1 is "rigid," 7 is "flexible," and 4 is "neutral."

Table III/H-2: Organizational Description, Year-Over-Year

Description	Revenue Categories								
	\$6 Billion+			\$3.1B-\$6B			\$1.6B-\$3.1B		
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07
Unethical Š Ethical	6.00	5.75	-0.25	5.87	5.79	-0.08	5.98	6.00	0.02
Unsuccessful Š Successful	5.52	5.62	0.10	5.08	5.55	0.47	5.63	5.74	0.11
Poor external reputation Š Good external reputation	5.58	5.38	-0.20	4.96	5.42	0.46	5.24	5.38	0.14
Profits-first Š People-first	3.55	3.70	0.15	3.25	3.79	0.54	3.51	3.38	-0.13
Rigid Š Flexible	4.25	4.09	-0.16	4.21	4.27	0.06	3.96	4.56	0.60
Tactical Š Strategic	4.51	5.02	0.51	4.08	4.55	0.47	4.02	4.53	0.51
Reactive Š Proactive	4.56	4.15	-0.41	3.91	4.21	0.30	3.54	4.53	0.99
Autocratic Š Democratic	4.19	4.28	0.09	4.08	3.94	-0.14	3.37	3.94	0.57
Respondents	58	53		24	33		49	34	

Description	Revenue Categories								
	\$580M-\$1.6B			\$100M-\$580M			Less than \$100M		
	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07	2005	2007	Dif 05 & 07
Unethical Š Ethical	5.92	6.09	0.17	5.93	5.73	-0.20	5.78	5.57	-0.21
Unsuccessful Š Successful	5.28	5.31	0.03	5.47	5.43	-0.04	5.22	5.43	0.21
Poor external reputation Š Good external reputation	5.19	5.29	0.10	5.41	5.36	-0.05	5.44	5.45	0.01
Profits-first Š People-first	3.92	4.29	0.37	4.20	4.61	0.41	4.47	4.87	0.40
Rigid Š Flexible	4.05	4.44	0.39	4.20	4.40	0.20	4.53	4.60	0.07
Tactical Š Strategic	4.24	4.42	0.18	4.07	4.47	0.40	4.19	4.27	0.08
Reactive Š Proactive	3.91	4.02	0.11	3.99	4.24	0.25	4.01	4.28	0.27
Autocratic Š Democratic	3.95	4.33	0.38	3.95	4.28	0.33	4.18	4.22	0.04
Respondents	77	45		118	86		150	175	

Base: All organizations providing gross revenue data and data about organizational descriptions

Data source: Q37 by Q13 (as categories); see Appendix for question wording

Note: Items measured on a scale of 1 to 7; values closer to the minimum value of 1 represent the labels to the left in the "Description" column and those closer to the maximum value of 7 represent the labels to the right in the "Description" column.

Table III/H-2a: Organizational Description, Year-Over-Year

Description	Average					Respondents		
	2002	2005	2007	Dif 02 & 07	Dif 05 & 07	2002	2005	2007
Unethical Š Ethical	5.57	5.90	5.70	0.13	-0.20	315	478	517
Unsuccessful Š Successful		5.38	5.46		0.08		477	516
Poor external reputation Š Good external reputation	5.36	5.38	5.33	-0.03	-0.05	316	480	517
Profits-first Š People-first	4.06	4.05	4.51	0.45	0.46	310	476	509
Rigid Š Flexible	4.50	4.25	4.47	-0.03	0.22	315	475	518
Tactical Š Strategic	4.06	4.20	4.46	0.40	0.26	311	477	518
Reactive Š Proactive	4.00	4.01	4.25	0.25	0.24	312	477	517
Autocratic Š Democratic	4.10	3.99	4.23	0.13	0.24	315	477	516

Base: All organizations providing data about organizational descriptions

Data source: Q37; see Appendix for question wording

Note: Items measured on a scale of 1 to 7; values closer to the minimum value of 1 represent the labels to the left in the "Description" column and those closer to the maximum value of 7 represent the labels to the right in the "Description" column.

Findings/observations in 2007:

a. Taken as a whole, respondents saw their organizations as being:

- At 4.47, slightly more flexible than rigid
- At 4.23, slightly more democratic than autocratic
- At 4.51, a bit more people-first than profits-first
- At 5.70, more ethical than unethical
- At 4.25, slightly more proactive than reactive
- At 4.46, slightly more strategic than tactical
- At 5.33, having more of a good external reputation than a poor one
- At 5.46, more successful than unsuccessful

b. Highest and lowest scoring environmental metrics by revenue category:

- \$6B+: unethical - ethical: 5.75
profits first - people first: 3.70
- \$3.1B - \$6B: unethical - ethical: 5.79
profits first - people first: 3.79
- \$1.6B - \$3.1B: unethical - ethical: 6.00
profits first - people first: 3.38
- \$580M - \$1.6B: unethical - ethical: 6.09
profits first - people first: 4.29
- \$100M - \$580M: unethical - ethical: 5.73
reactive - proactive (4.24)
- Less than \$100M: unethical - ethical: 5.57
autocratic - democratic (4.22)

On a year-over-year basis:

There was one interesting year-over-year difference in the results that is noteworthy: on the “profits first–people first” scale, the 2005 score was 4.05, while the 2007 score was a substantially higher 4.51.

Statistical Correlations:

- a. Statistical correlations of responses from various questions reveal that respondents who describe their organizations as being “flexible” rather than “rigid” are significantly more likely to report:
 - The C-Suite takes PR recommendations seriously
 - Significantly higher levels of support for the PR function from the C-Suite
 - Significantly higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Responsibility for corporate ethics/ombudsman, corporate external website, corporate governance/standards, corporate social responsibility oversight, executive communications, investor relations, marketing PR/product PR, and public affairs
 - Significantly higher PR budget changes in the last fiscal year
 - Evaluating PR's effectiveness by using contribution to market share, contribution to profitability, contribution to sales, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, influence on stakeholder opinions, total circulation, total impressions, and total number of clips in "top tier" media
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Significantly higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)

- b. Statistical correlations of responses to various questions from public and private companies reveal that respondents who describe their organizations as being “flexible” rather than “rigid” are significantly more likely to report that their CEOs believe that:
- PR contributes to maintaining or increasing market share
 - PR contributes to financial success
 - PR contributes to maintaining or increasing sales
- c. Statistical correlations of responses to various questions reveal that respondents who describe their organizations as being “proactive” rather than “reactive” are significantly more likely to report:
- Their reporting line is appropriate
 - The C-Suite takes PR recommendations seriously
 - Significantly higher levels of support for the PR function from the C-Suite
 - Significantly higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Responsibility for corporate ethics/ombudsman, community relations, crisis management, and marketing PR/product PR
 - Significantly higher PR budget changes in the last fiscal year
 - Evaluating PR's effectiveness by using contribution to market share, contribution to profitability, influence on corporate culture, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, and influence on stakeholder opinions
 - Their CEOs believe that the methods used to evaluate PR are adequate
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated

- The PR/communications function is well integrated with other departments
 - Significantly higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)
- d. Statistical correlations of responses to various questions from public and private companies reveal that respondents who describe their organizations as being “proactive” rather than “reactive” are significantly more likely to report that their CEOs believe that:
- PR contributes to maintaining or increasing market share
 - PR contributes to financial success
 - PR contributes to maintaining or increasing sales
- e. Statistical correlations of responses to various questions reveal that respondents who describe their organizations as being “ethical” rather than “unethical” are significantly more likely to report:
- Their reporting line is appropriate
 - The C-Suite takes PR recommendations seriously
 - Significantly higher levels of support for the PR function from the C-Suite
 - Significantly higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Responsibility for corporate communications (non advertising), corporate intranet, corporate reputation management, employee/internal communication, and executive communication
 - Their CEOs believe that the methods used to evaluate PR are adequate

- Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Significantly higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), proactive (versus reactive), strategic (versus tactical), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)
- f. Statistical correlations of responses to various questions reveal that respondents who describe their organizations as having “a good external reputation” as compared with those having “a poor external reputation” are significantly more likely to report:
- The C-Suite takes PR recommendations seriously
 - Significantly higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Their CEOs believe that the methods used to evaluate PR are adequate
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Significantly higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), and successful (versus unsuccessful)
- g. Statistical correlations of responses to various questions from public and private companies reveal that respondents who describe their organizations as having “a good external reputation” as compared with those having “a poor external reputation” are significantly more likely to report that their CEOs believe that:
- PR contributes to maintaining or increasing market share

- PR contributes to financial success
 - PR contributes to maintaining or increasing sales
- h. Statistical correlations of responses to various questions reveal that respondents who describe their organizations as being “successful” as compared with those described as being “unsuccessful” are significantly more likely to report:
- The C-Suite takes PR recommendations seriously
 - Higher levels of support for the PR function from the C-Suite
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning
 - Higher PR budget changes in the last fiscal year
 - Higher PR budget changes in the next fiscal year
 - Their CEOs believe that the methods used to evaluate PR are adequate
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), strategic (versus tactical), and having a good external reputation (versus having a poor external reputation)
- i. Statistical correlations of responses to various questions reveal that respondents who describe their organizations as being “strategic” as compared with those described as “tactical” are significantly more likely to report:
- The C-Suite takes PR recommendations seriously
 - Higher levels of support for the PR function from the C-Suite
 - Higher frequencies with which PR and reputational considerations are factored into organizational strategic decision making and planning

- PR/communications being invited to meetings dealing with important issues that may or may not have communications implications
 - PR/communications being invited to meetings dealing with organizational strategic planning
 - Evaluating PR's effectiveness by using crisis avoidance/mitigation, influence on corporate reputation, influence on employee attitudes/morale, influence on share of voice, influence on stakeholder awareness, and influence on stakeholder opinions
 - Their CEOs believe that organizational reputation contributes to organizational success
 - The communications functions within the organizations are well integrated
 - The PR/communications function is well integrated with other departments
 - Higher percentages of their PR budgets allocated to agency fees (among those using agencies)
 - Their organizations are flexible (versus rigid), democratic (versus autocratic), people-first (versus profits-first), ethical (versus unethical), proactive (versus reactive), having a good external reputation (versus having a poor external reputation), and successful (versus unsuccessful)
 - Responsibility for issues management and philanthropy
- j. Statistical correlations of responses to various questions from public and private companies reveal that respondents who describe their organizations as being “strategic” as compared with those described as “tactical” are significantly more likely to report that their CEOs believe:
- PR contributes to maintaining or increasing market share
 - PR contributes to financial success
 - PR contributes to maintaining or increasing sales

The data suggest to us that:

- a. *While some caution may be in order whenever people are grading their own organizations on such metrics as “unethical-ethical,” the data are nonetheless revealing because of the sheer number of respondents.*
- b. *The statistical correlations reveal some fascinating findings regarding positive attributes that tend to exist in tandem (i.e., Proactive and Good External Reputation). Taken collectively, these positive, in-tandem attributes may suggest additional characteristics of Best Practice Communications Organizations.*
- c. *The fact that there was only one noteworthy year-over-year change suggests to us that the data present a reliable picture of how the profession consistently feels about the organizations they work for and represent.*
- d. *The data suggest to us numerous questions, including:*
 - *How can one handle communication in a fast changing environment when the organization is only a bit more proactive than reactive (with a score of 4.25)?*
 - *What are the unique internal communications challenges of working in an organization that is only a bit more democratic than autocratic (with a score of 4.23), and only a bit more people first than profits first (with a score of 4.51)?*