

Special newshead for joint use by companies attempting merger is pioneered by Chessie System (B&O and C&O RRs) and Seaboard Coast Line. Alternating company names appear on three lines across top, under which is head "Merger News." Addresses and phones of pr depts of both outfits appear side by side under head. Another unusual aspect of pending 50-50 merger is formation of new temporary corporation, CXS Corp., as vehicle. Two railroad systems meet geographically end-to-end, will form unified network serving 22 states, D.C. & Ontario. Theme phrase created to communicate anticipated benefits: "improved profitability and increased capability."

"Program planner's Bible," Chases' Calendar of Annual Events for '79, lists 2668 special days, weeks, months to celebrate. Also includes legal holidays, astronomical phenomena, religious holidays, ethnic events, nat'l & regional observances, anniversaries, birthdays & traditional observances -- as well as sponsored events. \$7.95 from Apple Tree Press, Box 1012, Flint, Mich. 48501.

Specialized Jargon of videotape -- vt, not tv -- fully explained in new Video Guide. For non-professional user of video hardware. Describes advantages & limitations of 1/2", 3/4", Beta & VHS machines, including mechanics. 400 drawings, step-by-step operational & maintenance procedures, manufacturers source list. \$14.95 from Esselte Video, 600 Madison Ave., NYC 10022.

Anniversary Newsletter: how to celebrate anniversaries & other special events, launched by Larry Ragan, publisher of Ragan Reports. Monthly. Ideas, case histories of large and small organizations. Special events expert Etna Kelley is editor. \$58 from 407 S. Dearborn, Chicago, Ill. 60605.

WHO'S WHO IN PUBLIC RELATIONS

AWARDS. Gray & Rogers receive Pepperpot award from PRSA's Phila. Chap. for creative & well-timed program. To celebrate Philadelphia Nat'l Bank's 175th anniversary, giant gift-wrapped box was flown into the city, suspended from body of helicopter and then trucked around area for 2 weeks before being opened. Inside box, several dozen 4-year college scholarships. Contents & donor were revealed on anniversary day.

PEOPLE. ASARCO Inc. (NYC) names Gordon Kidd mgr, emp. comms...Alfred C. Viebranz becomes vp-corp comms, dept changes name from pub affrs, GTE (Stamford, Conn.)...Samuel B. Huff named pharmaceutical dpr, G. D. Searle (Skokie, Ill.)...James W. Holland promoted to dir pub affrs, adv, & mktg support, QWIP Systems (NYC)...The Standard Oil Co. (Cleveland, Ohio) names Edward M. Romanoff assoc dpa, and Sam Baker mgr comty rels...William F. Doescher joins Dun & Bradstreet (NYC) as vp-comms.

ELECTED. 1979 officers for Nat'l Investors Rels Institute, pres, Jerome Isham, Midland-Ross; vp-educ, Peter G. Osgood, Newsome & Co.; vp-comms & planning, Arlen D. Southern, IU Int'l; vp-gov't affrs, William P. Hartl, Ashland Oil; vp-mbrship, Albert J. Melrose, Litton Industries; treas, Winston C. Fournier, Winston Fournier & Assocs; sec'y, W. Murray Sanders, Martin Marietta.

With this issue comes the index for July-Dec. '78.

Two points: 1) As you read the list of topics reported upon during this half-year, please let us know any areas in which you would like to see more, or less, coverage. 2) Binders to hold a year's issues with semi-annual indices and both supplements are still only \$5. Hard cover, attractive blue color. Durable.

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RISE OF THE IN-HOUSE PUBLIC RELATIONS FIRM: CHARGEBACK SYSTEM "WORKING OUT EXTREMELY WELL" AT EQUITABLE; BURGER SEES INCREASED PRODUCTIVITY AND ACCOUNTABILITY

Has time come for public relations depts to launch "chargeback systems" for operating units they serve? After two years experience, Equitable Life is happy with results. Chester Burger, NYC counselor who advocates method, sees it increasing productivity and fighting inflation.

Under chargeback system, operating units receive internal billings for services they use, explains Raymond Boyce, asst vp-corp comms at Equitable. Publishing quarterly magazine for investment operations dept, handling installation of new agency manager, or publicity for new group & health insurance product are examples of items charged to various operating units. Services of institutional nature or benefiting whole company are not charged.

At Chase Manhattan about 70% of pr dept's work is institutional in nature. For this reason, says sr vp-comms Fraser Seitell, "we don't believe in the chargeback system that highly." Costs for general "betterment" of such operating depts as retail, corporate banking & international are prorated among them according to their bottom-line contribution. But chargeback system is used for other 30% of dept's pr activities.

How System Works Equitable's system is designed to 1) provide fair distribution of public relations/publications costs based on actual usage, and 2) allow operations areas to judge which services they want and are willing to pay for. Each professional staff member keeps precise daily logs of time spent on assignments. Weekly charges are computed, based on hourly rates. These are developed by calculating expenses for each staff member (salary, benefits, taxes, rent, clerical support, etc.) Method is basically same used by pr firms.

Previous Account System Helped Six years before instituting chargebacks, Equitable began using "account system," notes Andrew Baer, exec dir - pr group. Staff members no longer specialized in annual reports, press relations or other skills. They became generalists assigned to specific operating units, whose needs they had to learn. Excellent confidential relationships grew from arrangement. Baer believes this is reason chargeback system is "working out extremely well."

Benefits of Chargebacks Boyce told pr reporter user depts have become more selective, more specific in requests for services. Unnecessary work has been eliminated. Personnel are better utilized. Requests for services have increased. Baer feels his group is no longer at mercy of anyone who seeks help just because services are free. Operating units now have to ask themselves: "Do we really need this service?" and, if so, "How can we get it most economically?"

Options are open. One unit decided to hire full-time editor for one of its publications instead of using corporate staff. Another hired outside consultant to perform specific service. Outside services are used in some geographical areas, also for highly technical projects, e.g. preparing article for scientific journal. Because Equitable keeps six pr firms on retainer, pr dept likes to recommend which firm is hired for specific job.

Burger Favors
Internal "Marketplace"

Burger elaborates on advantages of what he prefers to call an "accountability system," which he helped institute at 3M Co. four years ago. By establishing internal "marketplace," pr depts will often find outside agency can do something at lower cost. (He claims "agency," not "firm," is correct term.) For example, it may take dept 62 hours to prepare speech, free-lance writer only 12 hours. Or when contacts with consumer groups are needed, agency may have existing relationships.

Beside these advantages of specialization, Burger contends agency's costs are almost always lower than dept's. Corporate salaries have pulled ahead of counseling salaries, fringe benefits in agencies are typically lower. "It's labor costs that are most important, not the miscellaneous disbursements."

Ed Gottlieb, former head of own NYC firm who now works with Burger, feels organizational practitioners would last longer if they kept time logs -- as counselors do. It demonstrates accountability, is one way of evaluating pr. For intangible service like pr, says Burger, beneficiary of service is best judge of value. He's willing to pay for something only if he feels it's worth doing. According to Burger, keeping of such records in corporations is unprecedented.

ESPECIALLY VALUABLE TO NONPROFITS

In-house pr firm approach may have particular merit for organizations where function is not used fully or at its proper skill level. Many hospitals, colleges, schools, public interest assns (and some companies) will find method one way of gaining appreciation for true value & capability of public relations.

It helps operating depts think of pr as resource, to be called upon for solving problems rather than as "slave to do their bidding" or unnecessary expense. PRSA Health Section seminar few years back brought out another advantage: treating operating unit as "client," not master, elicits more respectful response for "counselor" as two meet on same level. Requires pr dept to sell its services and to educate all depts & mgrs on theories & techniques of field. But also creates proper environment for doing so.

-- Pat Jackson

TEXACO RELEASE DRAMATIZES
EFFECT OF FASB ACTIONS

PR pros must know four languages -- written, spoken, numerical & visual. Rarely is one rewritten, but numerical language is under revision right now -- by Financial Accounting Standards Board, official U.S. gov't appointee for task. Effect of new accounting came clear in announcement by Texaco last week that changes in two areas of its recordkeeping will reduce earnings for 1969 thru '78 by \$185 million. Leases plus depreciation, depletion & amortization of oil & gas assets are involved. '78 earnings, not yet released, will be reduced \$13.2 million, company reported.

Meanwhile, FASB issued for comment proposed statement on altering reporting procedures to "somehow... reflect continuing inflation and changing prices." Old historical-cost method is misleading. Two aspects: true current value of goods acquired or manufactured in prior years when sold at present prices; full cost of replacing items bought in prior years at today's inflated costs. Accountants are most directly affected by "rewriting language of accounting" but pr practitioners are ones who will have to explain to diverse publics.

BANK OF AMERICA ADOPTS ZBB,
PLANS FULL-TIME TRAINING OFFICER;
BELL SEES PR SUPPLANTING ADS

Zero-based budgeting at largest bank's pr unit resulted in revamping news relations setup to improve services without "significantly increasing" costs. Also led to publications audit which will see some axed, others improved, on-going publications review committee including reps from other bank depts, reports sr vp John Bell. Despite new & expanded quarterlies to shareholders and new annual report format, "we expect to reduce our budget for these publications."

Training officer will be charged with "developing specific career plans for each one of our communications officers." Management sciences will be significant part of training, since both ZBB and training signify move toward improving public relations as management skill.

While Bell feels all pr, ad, sales promo & mktg expenditures require scrutiny -- to "determine whether these funds should be allocated differently in the future" -- he sees pr making favorable showing in cost effectiveness. Not so with advertising, which "suffers a lack of credibility in the public's mind. Unfortunately, much of the advertising we see today is nothing more than a bad habit. Dominated by trite phrases and trite jingles, a great deal of advertising needs reappraisal in content and cost and in the impressions of business it conveys to others."

Marketing ideas is now primary, Bell finds: "I doubt that advertising can ever become a durable vehicle for conveying complex ideas to specific audiences." Ad costs are so high it is more effective to use personal contacts than mass media.

ITEMS OF CONCERN TO PROFESSIONALS

Are public relations activities counterproductive? Corporate behavior, not corporate communications programs, sway public opinion. Increasing volume of communications is not the answer, for oftentimes the more public learns about an organization "the more reason there is for mistrust." So said John Olthuis of Comm. for Justice & Liberty at CPRS Conference in July. We missed this pertinent section of his talk (prr 7/24/78) but CPRS-Calgary's informative Library Night Quarterly (prr 10/9/78) carried it in latest (Dec.) issue.

Public relations is fastest growing area of J-school education, with 6253 students enrolled and 1461 graduated last year. 9.6% of J-school undergraduates are studying pr, up from 5.4 in '75. Women predominate: 53.1% compared with 48% in '76 and only 41.1 in '68. Overall journalism enrollments give credence to prediction information services will soon be largest industry. 70,601 students in '78 is increase of 156.9% over '68 and 562% over '58. Article in Jan. issue of Journalism Educator gives full statistical review. Conducted for 11th year by Paul Peterson of Ohio State J-School. Detailed info from prr or Prof. Peterson.