

**8 NON-FINANCIAL FACTORS**

200 financial analysts who follow gas & electric utilities rated 100 of them on 8 non-financial factors they consider when assessing a company's health & ability to provide exceptional shareholder value. The 8 factors are all influenced by pr activities:

1. Concern for & relations with employees
2. Ability to reduce costs
3. Ability to avoid regulatory problems
4. Ability to increase revenue
5. Customer satisfaction & loyalty
6. Brand equity of the company & its products
7. Ability to increase productivity
8. Research & development, intellectual capital, & ability to innovate

"Both companies & the investment community are placing increasing emphasis on non-financial measures of performance," says Robert Eccles of Advisory Capital Partners & former Harvard Biz Schl prof. But, he notes, they are difficult for institutional investors to follow on a day-to-day basis. (More from CDB Research & Consulting, 212/367-6858)

**ITEMS OF INTEREST TO PROFESSIONALS**

¶ **Note that when Monica Lewinsky's Family Hired a Media Relations Specialist**, they hired a lawyer who has moved into this field. Judy Smith is described as "a veteran media relations specialist who was deputy press sec'y to President Bush." She runs a "media relations & public relations" firm in NY, said press reports. Other background reported was deputy dir of public information & assoc counsel (i.e. attorney) to the Iran-Contra special prosecutor; and special ass't in US Atty's office prosecuting D.C. Mayor Marion Barry.

¶ **The Boeing-McDonnell Douglas Merger** (pr 4/27) not only won the Grand Prize for Excellence in IPRA's Golden World Awards but also IABC Research Foundation's 1998 Jake Wittmer Award & a Gold Quill Award of Excellence from IABC. Case will be on display at IABC's conference in New Orleans during the Gold Quill poster session June 17. "The Boeing effort sets a new industry standard," notes Alison Bing, IABC Research Foundation project mgr.

**WHO'S WHO IN PUBLIC RELATIONS**

**HONORS.** Sharon Weiner (pres, Stryker Weiner Assocs) by YWCA of Oahu (Hawaii) at its 21st Annual Leader Luncheon. Weiner was recognized for her leadership, prof'l achievement, excellence as a role

model & contribution to the comty.

Larry Foster (x-corp vp-pr, Johnson & Johnson) receives '98 Ball State University National PR Achievement Award.

**DISMANTLING MARYLAND PROGRAM REIGNITES CAMPUS JOURNALISM vs. PUBLIC RELATIONS WAR, ISSUE OF FIELD'S FUTURE DIRECTION**

At a time when the profession's agreement on these issues seemed at hand, U of Maryland's journalism dean is seeking to close the highly regarded undergraduate sequence & to bring new direction for the graduate program -- one of the few to offer doctorates. Affected by the changes are the most noted & cited scholars in pr, Jim & Larissa Grunig.

What makes the move especially baffling is that the undergraduate pr program has the largest enrollment in the J-School (as is the case most everywhere now, given the parlous state of journalistic employment & the rising importance of pr).

**AGREEMENT SEEMED NEAR IN SENSELESS FUED**

1. Except for Missouri, Northwestern & a few other holdouts, journalism faculties have come to realize pr is a distinct field. Some oldtimers still feel pr is merely in-house journalism & they see it as immoral, unethical & "selling out." (How do they rationalize current journalism tactics?)
2. Speech programs now teach as many pr students as journalism programs. But Judy Van Slyke Turk, dean at S.Carolina, says the 2 groups are working together. Several institutions, like Southern California, house both programs in one college.
3. More importantly, the ass'ns representing the groups -- Assn for Educ in Journalism & Mass Com'ns (AEJMC) & National Com'n Ass'n (NCA), formerly Speech Com'n Ass'n -- are jointly considering what an updated pr curriculum should be.
4. prr's lead last week pleaded for all sides to come together to consider the field's future ... and the day it went to press came a letter from Ron Rhody & the San Francisco Academy (see pr 12/14/92) calling a summit meeting in October for this purpose.
5. PRSA's Task Force on the Future of PR, building on the work of its 1986-91 predecessor, is also tackling the subject. And IPRA & others have been active in charting a future course for the profession.

Now comes a journalism dean misinformed about the nature & status of pr to ignite the divisiveness once more -- in a high profile location. The politics of the topic at Maryland & elsewhere could fill this issue.

Isobel Parke, PRSA's representative to the official accrediting body for journalism & mass com'n schools, reports even that entity's limited view of pr appears to be changing, judging from its response to the Maryland case.



**WHAT NEXT ?** Maryland's program teaches pr as the social & management science it has become -- but the dean apparently sees undergraduate pr students only needing to learn how to write like journalists. Reportedly he has been supported in this opinion by 1 or 2 ex-high-profile journalists now in pr & some faculty members with this view. Status at this writing:

- After strong lobbying activity the faculty voted 9-10 to abolish the undergraduate pr program -- prompting an outpouring of letters/faxes/e-mails from educators & practitioners, plus the protests of students
- Process now requires review by the Campus Committee on Programs, Courses & Curricula -- so deed is not fully done
- Suggestion made to move pr sequence to speech com'ns. Speech com'ns is willing, Grunigs are willing, dean is willing but he says his budget can't adequately fund the move
- **Action step for those interested:** Fax your thoughts to the provost at the U of Maryland (Dr. Gregory Geoffroy, 301/405-7139) (President is moving to Ohio State so provost is the point person)

### MORE EVIDENCE OF PR's ACCEPTANCE AS A DISTINCT ENTITY

**1<sup>st</sup> Annual International, Interdisciplinary Research Conference** will bring together a) communication sciences, b) business sciences, c) behavioral sciences. It is seen by PRSA's Educators Academy as the first step in *achieving interdisciplinary involvement, education & understanding of public relations & its social purpose as a profession*. Attendees will be exposed to the latest research findings in these fields as they apply to pr practice. Everett Rogers, guru of diffusion process & other applied theories is among the speakers. June 12-14 at, ironically, U of Maryland! (\$275 before 6/1, \$300 after. Registration & info, Judy Bond, 212/460-1480)

### PR MUST DEAL WITH BOTH ENDS OF IDEALIZED HISTORY SPECTRUM

- 1. Reinvented history:** Why didn't your org'n behave in the 40s or 60s according to today's rules?
  - Usually perpetrated by left wing
  - Topics like environment (i.e. Love Canal) or civil rights
- 2. The world started today (or at least in my generation):** Why should we have to make any amends or conciliations toward the errors, injustices or follies of yesterday?
  - I wasn't born then so it's not my responsibility
  - It's unfair to me today
  - Usually promoted by the right wing
  - Case in point is attempt to undo affirmative action

Without the preceding human history, feeling its way along & learning as it goes (one hopes), there would be no society or gov't or economy for today's citizens to enjoy.

### PRACTITIONERS' DILEMMA

How does society, or an org'n, strike a balance between mitigating past societal errors while not overly penalizing current populations?

**Case:** Most current Swiss bankers weren't born, or if they were, certainly weren't sr. bank execs, at the time their institutions allegedly converted assets taken from Holocaust victims. But they & their banks are hounded & pounded. No one would approve their predecessors' supposed behavior, but they are now asked to sort out historical issues they had no part in. If they can be faulted, is it for not paying out where evidence exists (if it does, and that's murky in the few details given public disclosure to date).

**Another case:** US or Canada violates treaty with Indian tribe a century ago, descendents rightly want the land returned to them. But presentday families have houses on it -- and they certainly weren't the treaty violators. How do practitioners on either side of the issue handle it fairly?

### ANOTHER EVALUATION FOCUSES ON NON-FINANCIAL INDICATORS

Hidden Value Index quantifies the relationship between a company's reputation & its worth. Companies with high ratings also tend to have high P/E ratios. "You have to look at strategy, service territory, corporate vision & the quality of the mgmt team. Based on these non-financial factors, you may award a higher P/E multiple to one company than to others in the marketplace, which can have a big impact on stock prices," notes Michael Neuses of Fiduciary Management Associates.

### EXAMPLE IN UTILITY INDUSTRY

9 of last year's top 10 gas & electric utilities failed to place in this year's top 10, reveals the proprietary survey (by CDB Research & Consulting).

#### 1997 Top 10

- 1) Brooklyn Union Gas
- 2) MCN
- 3) NICOR
- 4) Utilicorp United
- 5) Duke Power
- 6) DPL
- 7) Enron
- 8) Pinnacle West Capital
- 9) Southern
- 10) American Electric Power

#### 1998 Top 10

- 1) DQE
- 2) ConEd of New York
- 3) SCANA
- 4) Oklahoma Gas & Electric
- 5) Enron
- 6) NIPSCO Industries
- 7) TECO Energy
- 8) Cinergy
- 9) Minnesota Power & Light
- 10) KN Energy

3 of the companies on this year's list also had the 3 most improved Hidden Value scores: ConEd of NY improved its score 59.10%; Teco Energy 39.97%; Cinergy 33.46%.