

- What will the effect be if NPOs fight elimination of the estate tax? Is the new administration sophisticated enough in these early days to understand the principle of strange bedfellows?

ITEMS OF IMPORTANCE TO PRACTITIONERS

¶ **Minnesota Gov. Ventura is Proposing a 6% Sales Tax on Services** – would include pr, advg, lawyers, barbers, hr & mgmt consultants, all professional services firms. “We’re working with a coalition of org’ns in the com’n industry, encouraging members to inform legislators this is an unwise decision,” Stephen Dupont, MN/PRSA pres & partner, Carmichael Lynch Spong PR, told *pr*. Legislature is in the “thick of things right now,” debating many proposals. More than likely it will be at the “last minute” in mid-May when the legislature will make its decision. Dupont is hopeful, sees a lot of mixed feelings among legislators. “In fact, this is not the first time it has come up. About 5 years ago it was defeated here.” Several other states have debated the idea – but only NJ adopted it, tho a revision to the law released pr, ad & mktg services from the tax.

- **Ventura’s celebrity gets the attention** of other governors & lawmakers, so this may spread

¶ **Correction: In Last Week’s Report** on West Glen Comn’s survey on PSAs, data about format should read: TV still wants “hard copy” (tape) with 97% preferring it. This is because satellite equipment is often already in use for news & other programming. Most want Beta or Beta SP (68% followed by 3/4” (19%). Radio prefers CDs (80%) with live copy following (16%).

¶ **A Few Surprises in Local Study of Exec-Media Relationships.** Biz execs graded media B- on both factual accuracy & quoting spokespersons “accurately & in context”. So many complaints about coverage lie in these realms one needs to assume journalistic quality or tone may be better in Northeast Ohio, where Edward Howard & Co. conducted the survey with *Inside Business* mag. The only B marks biz reporters gave execs were a B- for understanding the role biz plays in public issues & B+ for skill in interviews & presentations. 89% of execs feel comfortable talking with reporters – but 46% of media folk claim execs have lied to or “knowingly misled” them. Bottomline conclusion of study is familiar: a) media say execs perform poorly in crisis situations, b) execs feel reporters aren’t equipped to cover biz adequately. (Copy of study from Dan Stanowick @ 216/781-2400)

WHO’S WHO IN PUBLIC RELATIONS

DIED. Denny Griswold, editor of the first pr newsletter, *PR News*, begun in ‘44. A tireless promoter whose methods dismayed some & delighted others, she was a presence in the field for half a century. When *pr* came along in ‘58, she was not pleased – undoubtedly because founder Charles Prout & long-time 2nd editor Bob Barbour made it plain they disapproved of her methods & her approach to the field (“PRoud to be in PR”). She buried the hatchet with the current editor & publisher & we join many in noting the passing of another public relations pioneer. You could disagree with Denny, but you couldn’t ignore her! The definition of pr she & husband Glenn Griswold crafted has stood the test of 50 years:

Public relations is the management function which evaluates public attitudes, identifies policies & procedures of an organization with the public interest, and plans & executes a program of action to earn public understanding & acceptance.

HOW PR TACTICS CAN HELP ORGANIZATIONS COPE IN A SOFT – OR HARD – ECONOMIC LANDING: A CHECKLIST

While economists & gov’t officials seek to determine whether the predicted soft landing is turning into a hard one, or whether the economic boom has really slowed at all (as some were saying last week), biz execs have decided it’s enough of a bear market that layoffs, downsizing & other cutbacks are everywhere. Similarly, *practitioners must get ahead of the curve* – whichever way it goes. A checklist:

1. **HYPER ISSUE ANTICIPATION.** Issue defense is costly enough in good times – in dollars, personhours & distraction from goals. In a down economy, the added impact of sowing distrust & a blemished reputation can cool sales or other vital efforts just enough to make harder times really bad
 - **Yet often one of the first tasks to go is anticipating issues.** Instead, Issue Anticipation Teams need to be extra vigilant (see *pr* 12/13/99). If your org’n isn’t using this outstanding, zero-cost method, this is a great time to start – since everyone is attuned to external events now
 - **IA Teams also place the cpro in a highly visible position,** which will allow him/her to find willing ears for other initiatives pr can undertake to speed the plow in tougher times
2. **DON’T SYMBOLIZE BAD TIMES.** It’s common wisdom, at last, that we can talk ourselves into an economic depression, just as we can into a psychological one. Makes sense, since economics *is* psychology – however much practitioners of the Dismal Science deny it. The new Bush team worried many by seeming to do just that in order to sell its programs at first
 - **Keep up cosmetic touches.** Not the time to save on small things like landscaping, lobbies & other visible symbols of success. How about publications? Many wouldn’t be missed – but choosing this time to drop them may cost more in what it seems to signal than the savings
 - **Trick is to symbolize cost-effectiveness & thrift,** particularly if you’ve had layoffs, missed earnings or fundraising goals, or fluffed other visible indicators. Cuts made “in fairness” or for “prudence just in case” may fly. Selecting them requires investigation, creativity & perhaps research to test stakeholder reaction. Explaining them, or deciding not to, is also a challenge
3. **SALES & PROMOTION.** What special things can pr contribute? One opportunity may be to take up the slack of reduced ad or mktg spending – a chance to show the org’n need never go back because pr delivers more for less



- **Split some market segments off for pr only.** Let publicity, events, relationship mktg, value-added mktg & other pr sales boosters handle the segment without ads or other methods. There are ample case studies demonstrating what pr can do by itself, or as the lead
- **Bump up pr for all markets.** Save the bucks often wasted on costly other methods. If pr supertargets, gets opinion leaders mobilized & employs surgical media & event strategies, sales volume will not suffer, may expand even in tough times

4. **SOCIAL RESPONSIBILITY OPPORTUNITIES.** Dropping or cutting these programs now – whether volunteers, in-kind or contributions – can signal that the org'n doesn't really believe it has a social responsibility since it only plays in boom times. But 3 special opportunities may exist:

- **Use the slowdown to embrace tightly focused strategic philanthropy.** It's easy to explain this strategy when things aren't booming – because it makes sense. This is also a good time to establish rigorous giving guidelines, & to design a formal "contract" clearly outlining what is expected of donees – e.g. taking the lead in publicizing your generosity & involvement. But keep these policies when the economy rebounds – because they're both efficient & effective
- **Call Forth Social Responsibility Partners** of the past to help inform stakeholders of your *actual* situation. They're a credible voice – & it's important stakeholders don't misread your situation in this very uncertain economy, either as too dire or not serious enough. Take them into your confidence – which will be important anyway if your activity must be reduced
- **Establish an "Alumni" Program for All Past Recipients** of social responsibility actions. You may not be able to keep assisting them as before, but you can sponsor a conference or other learning opportunity, or assist them as a group in some way. This is a good tactic anyway since every org'n must change recipients from time to time – & this retains the relationship

5. **EMPLOYEE RELATIONS.** Setting expectations is critical – but how to do it without harming productivity & morale? Some economists now feel the very high growth in productivity since '95 will lead to more layoffs now than if the productivity rate had been lower. Constant news of job cuts elsewhere has workers as skittish as in the 80s, many report

- **Use this Situation to Introduce Team-Leader-As-Key-Communicator.** The only voice that can keep workers going when they're fearful is the supervisor/team leader. Resistance to this very effective program should be low now, when everyone is searching for solutions
- **LBWA (the old MBWA) Also Works If...** senior mgrs can be candid, not just mouth truisms. This needs careful planning, as it could look phony if mishandled. As a symbol of comradeship & concern it can be valuable & calming. (L = leadership, where M = mgmt)
- **Hand Out Copies of *Everyone Is Self-Employed*** as was done during the 80s "rightsizing" craze. Judiciously, of course, & with a bulletproof explanation

KNOWING THE BUSINESS SUPER-IMPORTANT

When everyone's itchy, those felt not to have in-depth understanding will have a hard time getting a hearing. Old networks will rally, fending off outsiders. Practitioners who have a less-than-adequate knowledge of what really occurs at all levels of the org'n are well advised to remedy that lack immediately. 2 suggestions:

- **Find A Mentor,** or several. Tell 'em straight that to fully contribute the value added by pr you need to bone up on (or be sure about) operations. If you have a mentor(s), stay close – & give them the same message
- **Partner With Key Units as Never Before.** Take the lead in arranging it. Be bold. Sell your goal of *mutual advantage* by offering them assistance. Ask what special role you can play that neither of you may have explored or even thought of before

(Copies of prior articles on any of the strategies or tactics mentioned here available from [pr](#))

NPOs' DILEMMA: ONE TAX PROPOSAL HELPS, ANOTHER HURTS; CAN THEY SUPPORT ONE & OPPOSE THE OTHER CREDIBLY?

Pres. Bush's proposal to extend the charitable deduction to the 85 million taxpayers who don't itemize deductions would stimulate \$14.6 billion in giving & create 11.7 million new donors, finds a study for Independent Sector. [Where do they get these crystal ball numbers?]

- But elimination of the estate tax – also proposed by Bush – would cost charities at least \$14 billion, say many estimates. This impact is what has prompted an unusual coalition of the very wealthy to oppose the estate tax – even tho they're the ones who mainly pay it
- With gov't at all levels backing off on prior commitments to social & societal concerns, NPOs have joined together to mount an initiative in many parts of the US with the goal of finding a significant number of new donors – & vastly increased dollars, which are badly needed

HOW TO SELECT A STRATEGY?

Idea behind the Charitable Giving Tax Relief Act is to "reward the generosity of all taxpayers, including those whose hearts may be larger than their wallets," says American Cancer Society ceo John Seffrin. If passage does motivate 12 million new givers, most will be smaller donors. Rep. Phil Crane (R-Ill) is the sponsor. In the last Congress his bill attracted a bipartisan list of 149 co-sponsors.

BUT – those who support eliminating federal estate taxes are making their chief claim that tax deductions do not motivate giving – that those who give do so for other reasons & will continue to do so regardless. Deferred giving officers might paint a far different story, based on their experience.

- Which view is correct? Do deductions stimulate contributions or don't they?
- Should NPOs support Crane's bill, even if the tradeoff is having to accept the estate tax loss?
- Crane's bill may add lots of bucks to needy org'ns but from donors in lower gift categories – & thus not as sure a longterm bet. Estate tax elimination may remove the larger donors, who usually can be counted on to stay with org'ns even if their gift size falls