

72% expect higher prices a year from now.

12 factors having the most significant impact on the '88 economy are presidential election (33%) & federal budget deficit (27%).

61% believe Tax Reform Act of '86 will hinder economic growth 1 yr from now.

50% expect a higher level of federal personal income tax rates 1 yr from now; 91% expect higher rates in 2 yrs.

Respondents believe the level of mergers & acquisitions will decline over the next year.

#### ITEMS OF INTEREST TO PROFESSIONALS

More for trend watchers: social demographics, values & issues are tracked in June issue of Social Science Monitor. Values are gleaned from 2 studies, done in '76 & '86, using the same design so 10-yr comparisons could be made. Self-respect was & is the most frequently endorsed value. Warm relationships with others is moving up from 3rd place in '76 to 2nd in '86. For women, warm relationships have become the most frequently endorsed value, overtaking security & self-respect, which were the top 2 in '76. "And the number of women endorsing this value will likely increase in the future, the researchers predict." People under 30, 50-59 & 60+ also showed a marked increase in selecting this value. For the 60+ group, it has replaced security as the primary value. (More info: 10606 Mantz Rd, Silver Spring, Md. 20903; 301/445-3230)

Automation at the frontline is a public relations improvement for the USPS. Automated postal clerks will begin serving the public later this summer. While they won't smile, they also won't frown, get cranky or take breaks when there's a line waiting. Infopost, which will answer customer questions, is already in test form. Autopost, which weighs mail, takes money, makes change & sells postage, is still being built.

"Media Fresh-Up Lounge" expected to serve 15,000 press covering '88 political conventions. Courtesy of Clairol and Bristol Myers, lounge will offer quick relief for reporters' frazzled hairdos, pounding headaches, aching feet. Initiated at '68 conventions, lounge has served more than 7,000 visitors including such non-press notables as Martha Mitchell, Spiro Agnew, U.S. Treasurer Ivy Baker Priest, actor George Savalas, author Betty Friedan.

#### WHO'S WHO IN PUBLIC RELATIONS

RESIGNATION ANNOUNCED. John Wherry will not ask for renewal of his contract on expiration in Aug '90. Served as exec dir of NSPRA since '76.

HONORS. Charlotte Klein (svp, Porter/Novelli) wins John W. Hill Award from PRSA/NY for "outstanding leadership in the profession."

PUBLIC SERVICE. Don Padilla (Padilla, Speer, Burdick & Beardsley, Mpls) retired June 30 to become vp-pa, The Greater Minnesota Corporation, public-private partnership to stimulate long-term growth & economic development thru applied research & technology. He follows Dave Speer who heads a dep't of state gov't.

Vol.31 No.28  
July 18, 1988

#### GOOD NEIGHBOR PROGRAMS, SOCIAL CONTRACT REGULATION ARE NEW APPROACHES AS UTILITIES, REGULATED INDUSTRIES FACE TOUGH COMPETITIVE CHALLENGES; PUBLIC WON'T BUY "CUSTOMER AS CHECKBOOK OF LAST RESORT" MENTALITY NOW

As their monopolies dissolve, regulated industries are entering a "compete or die" era. Driven by regulatory expectations, basic economics & growing consumer disaffection, they're forced into cost efficiencies while maintaining quality customer service. As part of new customer responsiveness, many are discovering social responsibility isn't just "nice-to-do" but can spell the difference between success & bankruptcy.

Enlightened Self Interest Public serves Utility & Customer conception of an org'n is strongly linked to its performance on social issues. 3 examples from PRSA Utilities Section conference show range of involvement:

1. Alabama Gas attacks energy inefficiency by weatherizing low-income homes. Problem was first recognized thru consumer roundtables -- AG's 2-way communication channel between mgmt & customers. Thru "Operation Assist," complete weatherization was done at no charge for 25,000 customers receiving low-income heat assistance funds.

Bonus: Work was done by 1200 high school students from low-income families, supervised by 70 area teachers hired for summer. Teens' job experience often led to add'l summer-vacation & post-graduation work. (More from Andre Taylor, comns mgr, 2101 6th Ave N., Birmingham, Ala 35203; 205/326-8270)

2. Bridgeport Hydraulic helps customers find solutions to bill-paying problems. Not designed to simply collect bills, program works in conjunction with local social service agency to find out why customer is having trouble, develop plans to help (money management skills, crisis intervention, payment schedules, etc.). The water utility's reps often find customers unaware of their eligibility for assistance. Referrals are made by field employees who come face-to-face with customers in need. (Info from Gerard Loiselle, dir of corp rels, 835 Main St, Bridgeport, Conn 06601; 203/367-6621)

3. C&P Telephone targets statewide economic development. Focuses on supporting excellence in a) education -- C&P has recruited over 350 businesses to participate in 20 business/school partnerships. They tackle issues like improved grades, attendance, parental involvement, recognition of exceptional educators, scholarships;

Case: compare thwarted attempts to license Shoreham nuclear plant with recent Texas Utilities/Dallas citizens group agreement easing way for licensing. After 10-year effort to obtain license against allegations of improper design & construction, utility realized the only way thru roadblock was to provide citizens with sense of control. Agreement gives the citizen group a formal voice in some safety & oversight operations. Message is: Citizens aren't going to go away, and they are also the customers, hence it makes business sense to demonstrate responsiveness from the start.

b) gov't -- public advocacy program entitled "Move Our Mountains" encourages participation in elections thru programs to improve voter participation & discussion of issues; c) corporate leadership -- C&P sponsors 6 annual seminars, inviting business, economic development, labor & education leaders to address economic & other issues. (More from Bob Harding, extl aftrs mgr, 1501 Chapline St, Wheeling, W.Va. 26003; 304/233-6837)

Wave Of The Future:The Vermont Social Contract

The regulators are often perceived as roadblocks by regulated industries, Vermont/New England Telephone's pioneering effort demonstrates that cooperation can work to everyone's advantage -- customers, shareholders & the company. Problem was: conventional regulation, establishing rates & profit caps based on costs, wasn't working in new competitive market since divestiture. Technological change, cost-shifting between business & residential customers were also problems. Customers weren't getting best price, quality & availability; providers lacked incentive to develop new products/services.

Incentive regulation proposed by NET would 1) fix basic dialtone service at a reasonable price; 2) commit to measurable quality standards (e.g. telephone service reports can't exceed certain number or regulators will intervene); 3) insure network modernization in exchange for 4) freedom to earn whatever NET can on other services. Goal is that customer will no longer foot the bill for cost overrides, while R&D incentive will reward shareholders & management.

Building consensus for the idea began internally, according to David Usher, NET's Vermont dist mgr for community & public rels. The 3-yr effort involved:

1. Selling idea to officers & directors. Change from 100-yr status quo hard to unloge. And risks were high -- possible loss of revenue & credibility. Project team developed business case with interactive financial models to demonstrate possible scenarios.
2. Shift in message to public. Prior to divestiture, message was that good earnings were needed in order to provide good service. New message: we're building a state-of-the-art telecom system in Vermont; we're part of the infrastructure.
3. Extra attention to high-quality service. "Without high quality service that is perceived that way by the customer, attempts to change rate regulation (to allow more incentive) don't stand a chance."
4. Use every available private & public forum. To hammer away at the argument, NET team made dozens of speeches -- service clubs, community groups, state agencies, consumer groups.
5. Educate policymakers. New England Telephone team also met 1-on-1 with policy-makers, resulting in necessary legislative changes to accommodate the new system. They won against heavy opposition (IBM, Sprint, AT&T, MCI who are all invested in old system).

Implications: The Vermont Public Service Board turned down proposal on July 12, it indicated that with modifications in 3 areas (financial, marketing & consumer protection) a positive decision is likely. NET intends to negotiate & re-submit. Go-ahead could set precedent for all rate-regulated industries, signaling that competition is encouraged & regulators are receptive to new plans that fall between old-style regulation & total deregulation.

BASEBALL FANS GET GUARANTEED SERVICE

To reaffirm commitment to superior customer service & establish its stadium as "the family place to be," Cleveland Indians offers a Fan Service Guarantee. Problems with seating, with offensive spectators, etc. are handled on-the-spot by Fan Service Reps -- brightly visible in red jackets as they roam the stadium. If problem can't be resolved immediately, person receives a guarantee certificate with promise that problem will be handled prior to next visit. Free ticket is given to those whose problems are unsolvable.

Fans are reminded of program by scoreboard messages & oversized badges worn by concession vendors. Guarantee began in '85, is claimed to be first of its kind for major league baseball. Note: problem for this editor was that during seating scuffle at recent game, red jacketed helpers & both parties claiming occupancy to seats blocked my view of home plate for a good 15 minutes! (For info or brochure, contact Cleveland Indians, Operations, Cleveland Stadium, Cleveland, Ohio 44114; 216/861-1200)

INTENSE COMPETITION CREATES NEW ADAPTABILITY IN EMPLOYEE-EMPLOYER RELATIONS

It's driven by foreign firms, deregulation, non-union firms, says Audrey Freedman, Conference Board labor economist. "This change is for good. The economic & business world will not return to that era when US enterprise dominated the world, when our technology was the most advanced, our capital was the major source for other countries' economic growth, and our businesses had a very firm grip on all of the domestic & most of the world market." As a result, more & more org'n's have:

• adopted 2-tier wage systems (which pay new workers less than more experienced workers, even when both are performing the same job);

• provided "lump sum" payments to workers once a year instead of building pay hikes into the wage base;

• used techniques that link compensation to output, productivity & profits;

• hired a growing variety of temporary, part-time or contingent workers who are employed only when needed.

Of all organizational elements impacted, employee relations & communications may be most affected.

"The factors causing change today are quite specific: Toyota, Nissan, Hyundai, Sanyo, NEC, Toshiba, Nucor, Pohang & third-world steelmakers. There are dozens of new telecommunications industries & companies springing up in a deregulated petri dish; new airlines, new routes, new services that seem constantly to be realigning old & stable business arrangements. When you claim 'nothing new is happening,' you miss the drama of adaptation as it is taking place."

ACCOUNTANTS BULLISH ON SHORT-TERM ECONOMY

U.S. short-term economic outlook continues to be positive while uncertainty exists for the longer term, according to poll of 1,367 American Institute of Certified Public Accountants members. 90% expect biz conditions to improve or remain the same for the next 6 months. But half expect it to worsen 1 year from now. "As professionals who act as consultants to business on financial, managerial & operational procedures, our members have a unique perspective on the national economy," says AICPA pres Philip Chenok. Other findings: