

strategic management but don't always practice it. "CEOs support public relations but when their people don't provide the needed expertise, they call in outside consultants," explains Grunig.

A second mailing of the survey went out in May to 200 additional organizations in the US and 100 each in Canada & the UK. Survey is the 2nd and last phase of the study. First phase, a comprehensive review of the literature on communication, marketing, business & women's studies, is nearing completion and will be published as a book in '91.

ITEMS OF INTEREST TO PRACTITIONERS

"Domino's Pizza Uses Personalized Message To Deal With Criticism claiming its 30-minutes-or-less delivery policy causes traffic accidents by its drivers. Attached to delivery boxes is 5 1/2 x 8 1/2" flier with bold head, SAFETY FIRST. Safe delivery is "far more important" than just meeting the 30-minute test, it says over signature of president. Then it explains what happens step-by-step when a phone order is received -- showing 12 minutes are left for delivery by its 70,000 drivers. Also assures customers company, not driver, pays for refund which is guaranteed if delivery takes more than 30 minutes. Ends by giving 800 number for reporting any unsafe driving customers may observe. "For us, just like you, it's always safety first." Going personally to customers, who are likely to read the message while eating their pizza, and also likely to be receptive, seems far better than fighting it out in the media with opponents who don't buy the product.

"Communications That Count" is The Institute for PR Research & Educ's new 1/2-hr documentary about the pr profession -- 1st in nearly 20 yrs. Combines dramatic action & documentary footage to demonstrate the role pr plays in organizational mgmt. Highlights pr's multiple roles -- e.g. pub afrs, crisis comn, comty rels. Gives credit to but goes beyond media rels & publicity. Available in VHS video format. \$79.95 (\$49.95/copy for schools) from Modern Talking Picture Service, 5000 Park St N, St. Petersburg, Fla 33709; 813/541-7571. pr will review & report.

WHO'S WHO IN PUBLIC RELATIONS

PEOPLE. Ashton Collins Jr. (pres, Reddy Communications, Albuquerque) becomes new board chrm of Public Service Co. of New Mexico. He has been a PNM dir since '79.

NOTICES TO OUR READERS

1. Have you responded to pr's 26th Annual Survey of the Profession? If not, please do so now and return it to us. The sooner we receive it, the sooner we can get results to you. If you've misplaced your questionnaire, call us (603/778-0514) and we'll send another right out.
2. As is our tradition, pr reporter will not be published next week to allow our printer and members of our staff a well-deserved vacation. Our office will be open for business, however.

Vol.33 No.27
July 2, 1990

90s PRACTITIONERS WILL BE RESPONSIBLE FOR CARRYING MANY ORGANIZATIONS/CLIENTS THRU THE INVESTMENT BANKING HANGOVER FROM THE 80s

Junk bonds, leveraged buyouts & flawed deals are making scores of companies, employing hundreds of thousands, potential candidates for Chapter 11 bankruptcy -- & the wrenching reorganization that follows. Drugstore chain Revco (Twinsburg, O) underwent what Wall Street Journal called "the biggest leveraged buyout failure in history." Revco's response -- recipient last week of PRSA's "Best of Silver Anvil" award -- shows that honest & fundamental communication with all audiences is essential for surviving this sobering situation.

Case provides a public relations model for managing institutional change -- applicable to any organization.

"Bankruptcies, mergers, buyouts, divestitures are becoming facts of life. To us, the best way to deal with them is to 1) tell what you know when you know it, and 2) keep all your constituencies informed," notes media rels mgr Dianna Lueptow.

THE PROBLEM When Revco filed for Chapter 11 protection in mid-'88, it had nearly 2000 stores in 27 states & more than 26,000 employees. Problems included: a) closure of more than 100 stores, b) serious inventory shortages, c) unfavorable media coverage, d) downsizing plan to sell 712 stores, e) widespread rumors threatening to further undermine confidence in the company, f) skeptical vendors -- they weren't being paid on time so began demanding cash terms & cutting back on supplies, g) concerned employees -- not only because of the filing, but also because there had been 3 management teams in the year leading to it.

PUBLIC RELATIONS STRATEGY Is at the core of the new management plan to turn Revco around. Devised by a team consisting of CEO Boake Sells, other senior execs, company's two public relations officers & an account team from Edward Howard & Co (Cleveland). It focuses on retaining the confidence of key publics -- employees, suppliers, customers, business media.

Keys to restoring faith in the company are: 1) active participation by the CEO & senior managers in developing public relations strategies; 2) reciprocally, public relations input is encouraged on ramifications of management decisions & policies under review; 3) carefully crafting messages in advance. The foundation is truth.



"Being open, honest & accessible during change helped us retain our employees and maintain media credibility & loyalty from all audiences," mgr media rels Dianna Lueptow told prr. Objectives for 4 key constituencies are the same today as on day one:

Constituency	Desired Behavior	Primary Message
employees	stability-don't leave	together we'll win
vendors	ship products to us	you'll get paid
customers	shop at Revco	business as usual
media	trust us	we will level with you

"It undermines your credibility if you try a sound & light show," explains Lueptow. "Concentrating on the message rather than fanciness enabled us to streamline the process -- and it reinforces to the audience the basic message & the honesty of the communication."

TACTICS Give all publics significant information immediately. Two months before filing, employee newsletter was changed from quarterly to weekly, with format changed to focus on a single topic each issue. "It got information to employees quickly & reinforced idea these were extraordinary times." (See t&t 5/21.)

Filing was announced to employees via telephone tree. Message went from officers to regional vice presidents to district managers to store managers, who informed store employees. "We had a script for each person & told them they could repeat it to any reporter who called."

CEO was made highly visible & accessible. Quarterly call-in let employees voice questions & concerns to CEO via 800 number. Letters from CEO were sent to employees whenever anything significant happened.

Employee campaign also had a secondary benefit. "By helping them thoroughly understand the situation, they could pass on the information to inquiring customers."

Newsletter to vendors, "Update," was sent at time of significant occurrences. Mailings were coordinated with distribution of news releases so vendors wouldn't receive their information second hand from the media.

EVALUATION Follow-up research shows program matched its goals with results: 1) only one executive resigned & no extraordinary numbers left at any level; 2) employees kept their confidence in the company, according to two surveys; 3) inventories & credit terms with suppliers returned to normal; 4) company experienced record-breaking sales, evidence of customer loyalty; 5) journalists covering the retail drug industry gave Revco a top rating for credibility, according to an independent survey.

From its beginning in mid-'88 through Jan '90, total costs for public relations counsel as well as electronic distribution of news releases, clipping services, printing, mailing, data search, etc. are about \$500,000. No Chapter 11 ad campaign has been conducted.

PR PROJECT FOR EVERYONE TO JOIN: EDUCATING TOMORROW'S WORKFORCE

Drastic changes in preparing young adults for the workforce are called for in a new study by

National Center on Education & the Economy. Would require massive pr campaign to gain acceptance, but experts who drafted it see major benefits -- & link it to economic survival. Recommendations:

- 1) comprehensive system of professional educational certification for those who do not pursue a baccalaureate degree;
- 2) employers allocate at least 1% of payroll to the formal education & training of workers (widespread overseas & in some US & Canadian organizations);
- 3) system of employment & training boards to organize & govern a new high performance education & training system;
- 4) national education standards for all students, with tax-supported alternative learning environments for those who can't meet them.

Nat'l Education Ass'n, major teachers group, responded positively: "This report further supports the need for greater commitment by the business & education communities to improve productivity & raise our standard of living. The NEA stands ready to become a stakeholder in this initiative and contribute to the development of new tools to meet the demands of our economic well-being," says pres Keith Geiger.

(Study, "America's Choice: High Skills or Low Wages," from Nat'l Ctr on Educ & the Economy, P.O. Box 10670, Rochester, NY 14610; 716/546-7620; \$18)

CEOs VALUE PUBLIC RELATIONS' BOTTOM LINE CONTRIBUTION MORE THAN PRACTITIONERS

That's a preliminary conclusion of "Excellence in Public Relations and Communication Management," a 6-yr (still on-going), \$400,000 study by

IABC Research Foundation. Other preliminary findings from survey of CEOs, heads of communication functions & employees in 200 US org'ns include:

- ¶ CEOs give public relations a 235% return-on-investment (ROI) rating; pr mgrs give it only a 205% ROI.
- ¶ Org'ns are under considerable pressure from activist groups. With a score of 100% representing the average impact of activists, CEOs rate the pressure facing them at 185%; pr mgrs, 150%.
- ¶ Most CEOs see the need for a strategic mgr of pr, and organizations seem to be developing expectations for excellence in the pr function.
- ¶ While overt discrimination & sexual harassment seem to be gone, few programs are in place to train, mentor & otherwise empower women -- a large percentage of the pr workforce. "Many women are being put into a position to fail," says Jim Grunig, U Md prof & dir of the study.
- ¶ Organizational communication is often run by technicians who believe in