

5. Name generation projects are viewed as **substantially more important** & more difficult than 5 years ago.
6. Another danger: name changing seems to be a trend among organizations looking for a **quick fix**.

ONGOING SAGA OF MALFEASANCE MAKES KEEPING THE FAITH & BUILDING TRUST THE #1 GOAL

If it isn't enunciated formally in your plan, add it now. Under characteristics of key publics, put in caps, SKEPTICAL. Why? Consider these revelations of last week alone:

1. Habitat for Humanity -- like Covenant House last year -- had its founder resign on **sexual harassment charges**. Both are church-based.
2. Charges surfaced again that the Reagan-Bush campaign organization used **the dirtiest of tricks** to gain the White House, this time with respected persons making a reasoned case.
3. Bush chief-of-staff Sununu is yet to satisfy critics he isn't **abusing the rules** to get free air flights. [At a press conference involving an airport, present NH Gov. Gregg was asked, "Who'll be the first to use the facilities?" He shot back, "Sununu, of course!"]
4. Calif. insurance dep't audits showed now-closed Executive Life Ins. Co. was **insolvent** from '83 -- but the peoples' protectors did nothing.
5. Accounting biggie Ernst & Young was **finned \$1.5 million** for audit reports showing failed Lincoln S&L was profitable when in fact it lost money. Company's junk bonds were sold based on the audit.
6. Exxon shareholders overwhelmingly **rejected adoption of the Valdez Principles** -- established because of the company's Alaska tanker disaster. But thanks to hiked prices due to the Gulf War, Exxon & most oil companies reported large increases in earnings.
7. CEO earnings continue to grow, despite generally poor economic performance. UAL's Stephen Wolf got publicity for an \$18.3 million paycheck same day his company reported a \$157 million loss for the quarter, over 4x worse than last year. His wages are 1,272 times the starting pay of a flight attendant -- who delivers the service most directly to customers. **Average CEO earns 85x average worker's pay**, says Business Week.

Then there's the question of whether US enticed Kurds to rebel against Iraqi regime -- only to let thousands die before even sending food relief. Even if some prove inaccurate, the overall perception here is inescapable.

WHO'S WHO IN PUBLIC RELATIONS

APPOINTED. Judy VanSlyke Turk, as dean of U South Carolina school of Journalism and Communications. Turk leaves a position as dir, school of Journalism and Mass Communications, Kent State U.

DOES SAYING "WE GOOFED & WE'LL DO BETTER" STILL WORK? EMBATTLED UTILITY USES ULTIMATE APOLOGETIC APPEALS WHEN IT FINDS CONSUMER CONFIDENCE, EMPLOYEE MORALE AT A NADIR

Public Service Company of New Mexico (PNM) has endured many months under attack, with its mistakes spotlighted in excruciating detail. As its fortunes waned, its CEO came across as cocky, arrogant, uncaring -- at one point announcing a large increase in his pay at the same time company faced a major problem. Additionally, as mgr communication Michelle Campbell puts it: "We're the only game in town. Elsewhere, large organizations comparable to PNM abound, but in New Mexico, there isn't much else." So PNM dealt with the crisis by launching "From the Heart," (pr 3/18), a campaign which takes mea culpa to its limit. Some background:

PUBLIC'S PERCEPTIONS NOT BASED ON FACT... BUT ARE THEY EVER?

PNM's
problems
typify
today's tough

utility climate: 1) It **became a hold-ing company**, then made non-utility investments -- mostly in real estate -- which went sour. 2) Tho investments were made with shareholder money, critics linked them with rate hikes -- said PNM had **lost sight of its main business**, put execs' & stockholders' interests ahead of customers & community. 3) After a tough **fight to get approval for a nuclear facility...** 4) growth slowed & PNM ended up with **excess capacity**. 5) Albuquerque city council votes next year on **renewing company's franchise** or selecting another supplier, following city charter amendment.

People thought PNM had gone away from its core business and had taken risks with their money. "The marketplace perception was that we were doing poorly and that ratepayers were having to pay for our mistakes. That not only were we bad managers, but the public had to pay for it."

Constant efforts to explain its position produced no let up. "The media continued to go for the juice. Not unfairly, really, but constantly." Exacerbating matters was a lawsuit between board members arising from actions of CEO & his allies.

PNM TAKES RADICAL STEPS TO IMPRESS ITS PUBLICS

"We found thru research that we were losing credibility with our consumers." Similarly, an employee survey revealed morale was at an all-time low. To reverse current of external & internal public opinion, PNM:

- a) began selling non-utility investments & put 3-year freeze on rates, tho there had been no increases since 85, in fact, there were 2 reductions;



- b) CEO (also board chair) took dollar-a-year salary, eventually resigned;
- c) separated the 2 offices, appointed a new CEO with an engineering background and a **new board chair who is a well known pr pro, Ash Collins;**
- d) new CEO redefined mission statement & goals, visits employees frequently; "He's a very personable guy who rolls up his shirt sleeves and works with people."

**FALSE START WHEN
MESSAGE STRATEGY FAILS**

Corrective measures didn't stop the bad publicity barrage, so PNM decided to implement an external communications campaign:

1. **Strategy.** "Our original intention was probably typical of organizations in our situation, that is, to **say something good about ourselves in the face of negativity.**"
2. **Preparation.** PNM **videotaped** stories of exemplary customer service & selected the five best. "We wanted to show how **committed we were to service.**"
3. **Research.** "We tested the videos on focus groups of customers. They said, 'We don't want to hear about how you changed a lightbulb for a little old lady or how you're connecting people to life support systems. You have to tell us about these **issues** we're hearing about.'"

**STRAIGHT FROM
THE HEART**

"We decided to come right out & say, 'Okay, we made mistakes, we have had some problems. But we're trying to correct them, please help us regain your trust.'"

1. **Ad campaign** in which PNM chastises itself, invites & acknowledges consumer criticism, promises to try harder. Ads state clearly customers are not paying for them.
2. **"Listening Line."** Customers can call a toll-free phone-in center & tell company how it can improve the way it does business. Execs, including the CEO, take turns fielding questions & concerns.
3. **Sharing results of employee survey with customers** -- an innovative tactic for dealing with internal grousing. "Our employees are our biggest critics & our brightest hope." Copy goes the limit: "Got problems with us? Try talking to one of our employees.... Morale, supervision & leadership ratings have hit bottom."
4. **Theme:** "We're listening at Public Service Company. For a change." Word "Service" is underlined. Double entendre keeps it positive & forward-looking while clearly admitting mistakes.
5. **Follow-Up calls** to be sure service works, repairs are satisfactory.
6. **Ongoing research** to test results. First flight found 50% believe message, 61% want to hear more. "They're receptive, now we have to prove it with action."

7. **Answered customers' initial responses with 5-point action program.** "Meeting **your** needs as **you** see them is the real key to **our** future."

**STUDY OF ENVIRONMENTAL
ATTITUDES VS. BEHAVIORS
PROVIDES USEFUL TYPOLOGY**

Johnson Wax has issued a report that reinforces other data: a) environment is the fastest growing public concern since '87; b) business gets brunt of the blame; c) 7 in 10 think laws & regs don't go far enough; d) strong support for major specific enviro regs despite any consequent inconvenience. **Unique to the study,** conducted by Roper, is useful identification of consumer types:

1. **True-Blue Greens** (11% of the population) are the leaders & activists, well educated, hold good jobs, rather affluent. Mostly women;
2. **Greenback Greens** (11%) are enviro spenders -- people willing to pay to improve the environment, but with little time to actually get involved. Younger (30s), but also educated & affluent. Have young children;
3. **Sprouts** (26%) are the middling swing group whose attitudes & behavior cuts both ways -- pro & anti environment. More affluent than average, they represent the best portrait of middle America;
4. **Grouzers** (24%) are not involved in enviro activities mainly because they think others aren't doing much either. Less educated and affluent;
5. **Basic Browns** (28%) are least involved & most apathetic because they think indifference to the environment is mainstream. They are the most disadvantaged both financially & educationally. Disproportionately male, concentrated in the South.

Results are based on sample of 1,413 adults nationwide. Face-to-face interviews were supplemented by questionnaires. Report contains info such as those most likely to get involved with a given activity, buying behavior, voting patterns, perceptions on specific topics. (\$5 from SC Johnson & Son, 1525 Howe Street, Racine, WI 53403-5011; 414/631-2000)

**NAMING OF PRODUCTS, SERVICES, UNITS
RISING IN IMPORTANCE, BEING DONE
INTERNALLY = OPPORTUNITY FOR PR**

2 out of 3 organizations (69%) created a new name during the past 2 years -- up from 55% in the '90 survey, finds survey from Rivkin & Assocs (Midland Park, NJ). Sample of 600 organizations found:

1. **Internal task forces** are now the most commonly used method, were considered most effective by half the respondents.
3. Ranked lower in effectiveness were ad agencies, naming consultants, employee contests, pr firms. Since semantics is so critical & a pr responsibility, this is an opportunity.
4. **Only 37% use research** to test new names. (Dangerous: to whom are the names supposed to appeal?)