

SOCIAL RESPONSIBILITY PROVIDES FRAMEWORK FOR EVALUATION

Particularly of management & financial performance. "A company's values & management philosophy are the basis on which relationships with stakeholders are built. These relationships form the cornerstone of corporate performance," says Shelley Taylor, author of *Full Disclosure 1994*.

Study identifies types of info the top 50 American & British institutional investors consider most important; & contrasts these info needs with the corporate disclosure practices of 170 of the world's largest companies.

"Initiatives with stakeholders & responses to changing social values are important to investors because they provide insight into quality of management, one of the most important investment decisionmaking factors. Social reporting, to the degree that it is a reflection of corporate practice, can influence investor perception, corporate reputation & therefore, market value." Key findings from the study:

- **Ethics & quality** are the most important social issues to US investors.
- **Ethics** is important to 2/3rds of investors but was discussed by only 16% of US companies.
- **British companies** have the highest overall disclosure level in social reporting out of 8 countries surveyed; Canadians rank 2nd; US, 5th.
- **59% of all companies** surveyed disclose their corporate values or management philosophy; only half do so in the chairman's report.
- **Decreases occurred in two issues** since the '92 report: mention of employee participation dropped from 62% to 36%; reference to community decreased from 57% to 47%.

(216 pgs; \$2,500. More info from them in London 0171-243-3438, or Calif 415/857-9032)

Shelley Taylor & Assocs calls its mgmt consulting approach *integral management* -- defined as an orgn's sensitivity to the world in which it operates, including relationships with all constituents or stakeholders. It uses social responsibility as a framework for developing strategy, policies, products & services. Sounds like public relations.

ITEMS OF IMPORTANCE TO PRACTITIONERS

¶ **Semantics Retains Its Power.** Spurred by such concerns as security & the need to provide a sense of belonging in a time of low organizational loyalty, common on-the-job clothing is increasingly in use. Wearing "uniforms" it used to be called. Bad vibes, of course, to some -- so now it's termed "*identity apparel*."

¶ **PR Firm In Australia Seeks Strategic Relationships** with pr firms elsewhere that may require assistance in Australia. Services include program planning, product launches, VIP visits, openings, media rels, adv'g, research & writing. (Info from Wendy McWilliams, principal: +613/803-2588 or fax +613/803-1890)

HARBINGER? ELECTRIC UTILITY PR UNDERGOING DRAMATIC CHANGE

In the electric utility industry, deregulation & the advent of competition are changing the way things are done. This makes pr more vital than ever, but how it is built into the organization is being tested. PRSA Utility section is an early warning signal -- it dissolved last year "because of dropping membership & leadership's lack of time to volunteer to make the section happen," a PRSA spokesperson told pr.

"Electric utilities have lost thousands of employees, eliminated jobs & they're well below (stock) market value for the most part. The industry is changing dramatically," Dick Claeys told pr. For example, **Florida Power** has eliminated its corporate communication dep't; **Boston Edison** eliminated half its pr dep't, outsourcing to a pr firm; **PG&E**, **Consumers Power & Detroit Edison** took deep cuts.

Electric Power Research Institute (where Claeys worked till last year, when his position was eliminated) used a mgmt model that many utilities are following: reduce the number of officers & cluster those remaining around the core competencies. Then have one officer for administrative support. Result: reducing the number of people & outsourcing basic services.

OUTSOURCING TO THE MAX

Last November, Boston Edison downsized its organization. PR dep't went from 30 to 15, outsourcing to Clarke & Company. The workload is heavy but exciting, Mike Monahan told pr. "Our involvement with media seems to grow daily. Deregulation of the nation's last monopoly is of national economic & public interest & of interest in terms of national policy. It's going to change the way we buy & use electricity. We're going to be able to do things in the future we've never been able to do before."

While a competitive future looks promising, there have been "difficult days" & more to come as the industry learns to "do more with less."

CASE STUDY: UTILITY MOVES PROACTIVELY TOWARD COMPETITION

"We have a CEO who believes that regardless how we feel about it, competition is here. So we're trying to be in a position to make the most of it," Jay Gonzales, mpa, Tucson Electric Power, told pr. What TEP is doing:

1. **Educating Employees.** A major effort. "A day doesn't go by an employee doesn't hear the word competition. We're trying to get them to understand what it will mean to them personally on their job."



2. **Educating Community.** Research shows "residential customers are hearing us say they'll be able to choose their electric company like they choose their long distance carrier. But their response is, 'Yeah, right. Let me know when it happens.' It's years away, but we're not waiting to say 'we want to be your electric company.' We're doing that now."
3. **Customer Relations.** "We know our large customers know about competition because they're coming to us saying, 'What can you do for us?' We're having to do things for them we haven't had to do before in terms of flexibility in rates, better service. Those we can't do anything for we know are talking to other utilities. We're seeing this daily."
4. **Opinion Leaders.** "We have a comprehensive awareness of government relations & consumer affairs. Of whom to call on particular issues, to keep them informed so there are no surprises. For instance, we had 3 major issues earlier this year that we knew were going to be talked about in the community. So we met with the editorial board, conducted meetings with business & gov't leaders. We let them know what they can expect from us. As a result, there has been little reaction to these issues."
5. **No Layoffs.** "So far we've been able to avoid that. It's our CEO's philosophy that laying off employees is a short-term bottomline solution but it kills morale & productivity & over the long haul you lose." TEP went thru some difficult financial times so didn't rehire as people left the company. Had one voluntary separation offering early retirement.
6. **Being Efficient.** TEP has reduced the number of employees per customer. "The overall number of employees has grown because we're serving more people. But we're using fewer employees per customer. That's what we see as our measurement of how we're doing. Essentially, we're cutting back, having to be lean."
7. **Addressing Job Security Fears.** "We're letting employees know that tomorrow their job may not be here. But we will find another job for them within the company because there are other things that need to be done. One of the attitudes we're trying to give our employees is don't be afraid of this change. There's something out there for you but you have to have an open mind."
8. **Transformed Employee Newsletter** into a more strategic informative piece. "What employees seem to appreciate most is if things are going to happen

"There is a fear of competition for some utilities. We're not afraid of it. We don't know what it's going to mean, what's going to become of us because of it. We have an idea what we'd like to have become of us & we're doing things to allow us to make choices -- as opposed to letting things happen to us."

that will impact them, let them know so they can deal with it." Newsletter, done every other week, includes the CEO Connection -- written by CEO or other officer discussing an issue & how TEP has or will deal with it. Another feature introduces various areas around the company, what they do, why & how they're responding to competition. "We still mix in want ads & announcements because some still look for that, too. But we're trying to make it a more informative piece."

9. **Generate 2-Way Communication.** a) Quarterly breakfast with the CEO. He will cover an issue, then answer any questions employees want to ask. b) Monthly brown-bag lunch program with an officer covering a topic, answering questions. Both programs are available to any employee. They merely sign up to attend.
10. **Annual Employee Meeting.** Looks at where TEP has been, where it's going. "They've become much less a social event, much more a discussion of important issues." Attendance is growing. Used to get 20-25% of employees because held during off-work hours, tho dinner is included. Last two meetings have had 50% attendance. "**Employees are hungry for information.**"

"WE HAD TO SELL PR & ITS VALUE"

TEP went thru major management overhaul in the early 90s. New CEO "put together people to follow his lead." Management audit recommended having an officer-level pr person. George Miraben, brought in from the phone company, began building a staff "& an attitude within the company that pr has value. He developed the dep't into an area that provides a lot of information not just to employees & community but officers, too, saying 'these are the things we ought to be doing.'"

Struggled at first to be allowed to strategically position news releases, respond to issues in a certain way, or get info out early. "We went thru a difficult process -- like pulling teeth -- to get the leadership to allow us to be out front with information."

Turning point was an issue that blew up in TEP's face. When issue hit the papers "it surprised everybody & cost us millions of dollars in a rate case." Issue, involving bonuses to execs, hit the papers before even employees heard of it. "Employees, community, regulators were all mad at us. During the rate case that followed it was brought up over & over again. Days after, leadership told us we were right. They could see the value of open communication. It cost us lots of money but it was a lesson learned."

"We've developed trust within the company for pr. We get involved at the highest level of decisionmaking in terms of the things we do. And if decisions are made outside of us, we're brought in to say what we think. Maybe we don't get the opportunity to change it but we get in at a point when we can say, 'alright, if this is what we're going to do then this is what we need to say & how we need to put it out there in order for it to fly.' We're trusted. Most of the time they say okay."