

mercury," reads a report released last year by a consortium of New England enviro groups. "Young children, the elderly & people with respiratory diseases are particularly at risk."

In walked SE, a stranger, part of a utility giant. "Southern has always had a tradition of talking to the communities & finding out their concerns," com'n mgr Frank Griffin told *pr*. "But when we went to the Cape, people didn't know us." Residents' relationship with former owner Commonwealth Electric had not been a close one & they viewed SE as big and scary. "We could tell there was a problem." The problem was, in fact, 2 pronged: 1) low trust & 2) high level of concern.

ALLAYING CONCERNS WHILE NEEDING TO EXPAND CAPACITY

Southern immediately reached out to opinion leaders. "We met with elected officials, people from Mass. Public Interest Group (MASSPIRG), other groups & community leaders. We had open community meetings to try to build up the element of trust." SE asked enviro groups to prioritize their issues. "The people at MASSPIRG were good enough to tell us their goals."

When SE proposed a plan that would expand capacity by building a third unit while at the same time reducing NOx, they were nixed. "They let us know that wanted SO2 reduced as well." Community groups asked Cong. Bill Delahunt to put the pressure on SE. He told the company he wouldn't endorse the expansion unless the issue of SO2 was addressed. Within 6 weeks, SE scrapped the proposal, which called for a 3rd unit, and asked instead to ramp up capacity of the existing units while installing controls for all emissions, including SO2. The project would cost the company more than the first plan, which was \$175 million, and it wouldn't get as much capacity as from the original proposal. It would, however, cut NOx by 63%, SO2 by 51%, other emissions by half.

COMMUNITY EFFORTS EARN REPUTATION AS RESPONSIBLE CORPORATE CITIZEN

The press & enviro groups are abuzz over SE's sensitivity & sense of corporate responsibility. "This is a real serious reduction that they're putting on the table," says Rob Sargent, MASSPIRG. "Clearly it's a step in the right direction." "This represents a significant breakthrough," a Delahunt spokesperson said. "This is a very big day." But even SE gives primary credit to the activist groups, who for years have been petitioning, pamphleteering & speaking out against emissions at Canal.

Some saw SE's acquiescence as part of an industry trend: in this era of utility deregulation, providers are bound to be a lot more amenable. "I'm sure deregulation has some impact," concedes Griffin. "It is a competitive environment." But, he says, talking to people in the community & finding out their concerns has always been part of the parent company's tradition.

Griffin calls the situation a win/win, says the greatest achievement for SE is the community relationships it has formed. "We decided to address the fears. We wanted to be their friend for the long term."

WHO'S WHO IN PUBLIC RELATIONS

HONORS. PRSA Educators Academy David Ferguson Award to Jack Felton, pres & ceo, Public Relations Institute (Gainesville, Fla).

NSPRA Presidents Award to Gary Marx, pres,

Center for Public Outreach (Vienna, Va), & longtime assoc exec dir, American Ass'n of School Administrators. Award, NSPRA's highest, honors outstanding contributions to the field of educational pr.



PHILIP MORRIS DOES TURNAROUND ON CANCER CAUSATION; CAN IMAGE CAMPAIGN CHANGE ITS REPUTATION?

As part of a new \$100 million corporate campaign, Philip Morris (Richmond) has unveiled a web site that acknowledges the link between smoking, addiction & disease -- a complete turnaround from its long stated position.

- PM has shifted from calling cigarettes a "causal" factor in cancer to noting the "overwhelming medical & scientific consensus that cigarette smoking causes" cancer & other diseases
- Site also divulges the ingredients (except proprietary flavorings) in cigarettes, discusses touchy issues like teens & smoking and second-hand smoke, and offers links to health-related sites such as World Health Organization, American Cancer Society & others

It's as tho, after decades of dispute, PM is clearing the smokescreen & coming clean with the public. "It's a profound change," says David Kessler, former FDA head who began a federal effort to regulate tobacco. But PM says the new Internet site is merely an extension of a message strategy that it has been employing for a while. "There is nothing new about the admission," Robin Husey, PM pr, told *pr*. But PM sr vp Steven Parrish acknowledged the change, telling the *New York Times* that it was not the result of new scientific findings, but because the company decided to take a less combative role. "This is a serious and good faith effort on our part to try to engage in dialogue." One Clear Voice?

IT SEEMS TO WORK FOR B&W

The Brown & Williamson, a division of British-American Tobacco (Louisville) trails Philip Morris & RJ Reynolds in sales (with 15% of US market share) the company's frankness about smoking & cancer may have earned it points with various publics. B&W, which calls itself "a responsible company in a controversial industry," was the first with a web site openly discussing health problems & cigarettes.

- "Philip Morris is following suit," dpa Mark Smith told *pr*. He says the info posted on PM's site is similar to what B&W has -- the difference being that PM focuses on what *others* are saying about smoking & cancer, while B&W makes *its own* statements. "It's more about what *we're* saying about the issue: that smoking is a definite health risk." Important difference in gaining trust?

ENGAGING THE PUBLIC OR COVERING BUTTS? HONEST DIALOGUE OR SPIN?

Some activists applaud B&W for being the first to begin honest dialogue. "This web site represents a change in tone and substance," notes Matthew Myers, general counsel, Campaign for Tobacco-Free Kids. And Smith admits that the media, while maybe not easy on B&W, has backed off somewhat.

- "The press hasn't been kinder, but maybe more fair with a groundbreaking company that is doing something (like this) first"



Others say the web sites are spin -- and insurance against further lawsuits. Myers says Philip Morris falls a critical step short because it doesn't say whether the company agrees with the statements on its site. He also criticizes the B&W site for having "the same type of qualifiers & conditions the industry has been using to blur the issue for the last 4 or 5 years." Can a leopard change its spots?

Philip Morris seems to be employing a strategy that can perhaps be described as "non-branding." Visit www.philipmorris.com & you'll find the emblems of major food divisions Kraft Foods & Miller Brewing, but not the PM logo or the red & white chevron of its lead brand, Marlboro. The strategy brings to mind Brown & Williamson's "loving" 800 number (pr 10/4) which never once mentions cigarettes or the company's flagship brand, Lucky Strike. Will anyone notice -- or care?

EXPERIMENT HOLDS CASE STUDY LESSONS FOR ALL PRACTITIONERS

Will the companies be able to change their individual reputations, or the industry's collective image? The proof is in public perception.

- PM's ad campaign, which includes images of how the company aids victims of floods, hunger & domestic violence, so far seems to have won it little trust, if the recent corporate reputation study (pr 10/18) is a guide. But the campaign is new, & PM is well-regarded in its communities
- PM's ex-CEO George Weissman, who began his career in pr, anticipated the issue. His "double bottom line" research & action strategy showed companies with social benefit policies do better on the bottom line -- profits & stock price. And he bought General Foods & Kraft just in case
- Meanwhile, RJ Reynolds, which is developing a web site, is taking notes

The issue is: Can you reverse your stance & get credit for it? If so, how? Or must you put it behind you & move on? Tobacco is too profitable, as yet, to get out of the business -- tho lawsuit results could change that. Or, gov't could regulate nicotine as the drug the companies now admit it is.

PROCTER & GAMBLE TO PAY AD AGENCIES ON RESULTS; CAN PR BE FAR BEHIND? WILL IT SPREAD TO INTERNAL DEP'TS?

Starting next summer, consumer products giant Procter & Gamble (Cincinnati) will no longer pay the usual commissions to its ad agencies. Instead, the company will compensate them (Grey Advertising, Saatchi & Saatchi and others) based on the success of the brands they promote. "The agencies will get a percentage of overall brand sales as compensation," com'n contact Gretchen Briscoe told pr. "They have an opportunity to grow as we grow." This approach is known as Gain Sharing.

HOLISTIC MARKETING, DESIRE TO TRY NEW MEDIA PART OF THE RATIONALE

New system is part of a push for more efficient global marketing. "These moves offer us an opportunity to manage our business with a truly global mindset," says mktg ofcr Bob Wehling. "This will lead to breakthrough global advertising." P&G calls its current compensation system inherently flawed & heavily skewed toward traditional media, which tends to favor tv & print vs more targeted media. "This new system also provides a much more predictable way for our agencies to plan for the year."

The agencies say they're happy with the new approach, which they helped to hammer out with P&G. "We love the change," says one. "It's all about increasing agency revenues as a result of bigger, better business building ideas & not just bigger media budgets."

IMPLICATIONS FOR PR

Briscoe says currently there are no plans to institute performance-based pay for pr counsel. "Our pr firms are used for strategic communication & positioning." Results-based pay wouldn't work the same way here. But:

- **The change could mean more work for pr firms**, another P&G contact mentioned, since it will lead to a more "media-neutral approach"
- **Will this speed "age of accountability" to our doorstep**, with, say, pay based on how well a campaign effects behavior? Will it spread beyond mktg pr to issues, employee relations?
- **How will we measure our performance**, and hold ourselves accountable? Will this increase the push for evaluation methodologies?
- **Is it plausible internal dep'ts, as well as counsel**, will be judged & budgeted this way? IBM & others have already experimented with this approach, so....

Counselor David Geary sees pr increasing segmentation of publics, knowing precisely which media will reach them & finding win-win messages & activities. "This underscores the need to focus more on accountability for what we do -- & to get more involved in measuring our performance."

WIN-WIN PAYS OFF IN COMMUNITY RELATIONSHIPS, OWNER OF POLLUTING PLANT GETS KUDOS FOR REDUCTION IN EMISSIONS

New owners of big polluter Canal Station (Sandwich, Mass), responded to community concerns & revamped their expansion proposal to include new technology that will reduce sulfur dioxide (SO2) emissions. The move, announced last week, is a big deal because it:

1. Is the biggest voluntary emission reduction in the state's history
2. Demonstrates how a corporate newcomer, first perceived as big, impersonal somewhat scary, can "inherit" a tough situation & use it to earn a reputation as a good neighbor
3. Shows how long-term efforts on the part of grassroots groups can eventually bear very big fruit

LOW TRUST, HIGH LEVEL OF CONCERN

Southern Energy (SE), a division of behemoth Southern Company (Atlanta) -- bought Canal last year. Plant had long been maligned as one of the dirtiest in the state. It was named one of the "Filthy Five," a list of old plants that were "grandfathered" from the new Clean Air Act & allowed to continue to spew high levels of pollutants.

Meanwhile, nitrogen oxide (NOx), sulfur dioxide (SO2) & other pollutants released by Canal were being linked to a host of health problems, including asthma & cancer. "Air pollution from coal- and oil-fired power plants exacerbates respiratory diseases & contaminates fish with toxic metals such as