

EFFECTIVE REMINDERS: HOW HELP US REMEMBER TO DO IT?

This could be a new specialty. Increased training, sensitivity vehicles & prof'l development teach new skills & strategies. But what stimulates people to actually apply what they've learned -- not fall back on old ways?

One technique is to develop simple, memorable phrases or mottos. They spring into the thought process & guide new behavior -- e.g., i before e except after c.

Here are a couple of samples (which probably need work) from pr:

1. To help practitioners use information mapping rather than dull paragraphic formats --

If you don't INFO MAP
Audiences may INFO NAP

(It doesn't matter if they're corny, only that they work)

2. To keep focused on strategies & tactics that work today --

People want to be:
Served, not Sold,
Involved, not Told

ITEMS OF IMPORTANCE TO PRACTITIONERS

¶ Approx. 1/3 of top com'ns officers are women -- 31%, to be exact, in 539 US companies with assets over \$1B, finds study by Best Practices in Corp Com'ns (Washington). Since 51% of top com'ns officers report to the ceo, & others to coo, senior vp or vp, the glass ceiling appears to be cracking.

¶ Same study adds a slightly more precise figure on pr budgets -- a highly sought data point. Respondents told Best Practices in Corp Com'ns their budgets average \$3.8 million annually. This is one touchstone -- for outfits with assets over \$1B, anyway. Whether you can mathematically work out from this what the figure should be for smaller org'ns is a mystery. Data was collected via 1-on-1 interviews & survey forms. (Complete study available Feb. 10 from Best Practices in Corp Com'ns, 202/463-3766)

¶ Oh, No! Now a British "Royal" who's in pr. Sophie Rhys-Jones co-founded Rhys-Jones-Harkin (London) in '97. Soon she'll wed Prince Edward, who runs a documentary tv firm. People reports her educational preparation for the field as being a secretarial course. Her work & clients appear to be mainly getting promotional publicity into Britain's disreputable media -- par for much of UK pr, especially an "ash blonde stunner" & Di look-alike. A commoner, she comes across as a real & likeable woman -- & so may be able to apply deeper pr skills than meet the eye to a royal family badly in need.



Vol.42 No.5
February 1, 1999

NEW ACCOUNTING STANDARDS TOUCH NON-FINANCIAL INDICATORS

How much is a brand worth? Customer loyalty? Motivated, productive employees? Not much if you judge by today's accounting standards (prr 3/10/97). That's changing, as evidenced by "IAS 38: Intangible Assets," issued by the Int'l Accounting Standards Committee last fall. It states that externally acquired or internally generated intangible assets (or non-financial indicators) should be included in financial statements if:

1. They meet the definition of an identifiable asset that is controlled & clearly distinguishable from an enterprise's goodwill
2. Future economic benefits will likely flow from the asset
3. Asset's cost can be reliably measured

But -- IAS 38 "specifically prohibits internally generated goodwill, brands, mastheads, publishing titles, customer lists & items similar in substance to be recognized as assets." This cuts out the benefits to pr, which develops many organizational assets that meet the definition.

N. AMER. ACCOUNTING STILL NOT MOVING -- & PR PROS NEED TO BE INVOLVED

"I believe communicators have to be in there to make sure the assets created through com'ns processes get valued," says Elaine Dixson, of Key Concepts (Calgary). "One company's brown fizzy water is the same as another company's brown fizzy water except for the marketing & com'ns around it."

As prr has reported for several years, there's ongoing discussion about how to best measure brand value & similar assets. Tho IASC standards are recognized around the world, they're not universally accepted. Dixson notes there is agreement, including in the U.S., that universally accepted accounting standards should be established.

What's the impact on U.S. standards? None right now, Deborah Harrington, spokesperson for Financial Accounting Standards Board (FASB) told prr. In fact, discussion of intangible assets is "not on our radar screen," she says -- this despite a decade of rising interest.

Dixson wants practitioners to know more about this issue & is trying to raise awareness. "I can count on one hand those in North America who even get this," she says. PRSA's Counselors Academy held a session including it at its conference; & its Strategic Planning Cmte put the item on its agenda for future meetings. Otherwise, this incredible opportunity to make pr absolutely vital to every org'n goes unnoticed.



- What is being discussed in the U.S. is the value of assets in mergers & acquisitions, in terms of goodwill (difference between the value of tangible assets of company being acquired & actual purchase price).

WHAT NEW ACCOUNTING COULD MEAN TO PR

Says Brian Borders, pres, Ass'n of Publicly Traded Companies (Washington): If one company spends money building brand thru advertising & building product pipeline with R&D, those are expenses that an acquiring company will pay a premium for. "There's goodwill in the price you pay & that goodwill is an asset." It's not more than brand loyalty but a rational acquiring entity sees it as value," he told prr.

In m&a, Borders notes changes are coming because people "recognize we aren't accounting for intangibles as accurately or consistently as we'd like to. This is a red-hot issue for companies with lots of intangibles who are in acquisition mode. For most public companies, it's a long-term issue."

(More: Dixson, 403/271-6729; edixson@keyconcpt.com; Borders, 202/857-1114)

MORE THOUGHTS ON TRUST: DOES HI-TECH COM'N HELP KILL IT?

Another contributing factor to lack of trust in relationships (pr 1/4) can be increased reliance on technological advancements. We race to communicate through 1-way channels -- e-mail, v-mail, faxes -- on a daily basis. We often experience a sense of disappointment when we're caught in 2-way conversations. (Remember the last time you placed a call & were disappointed you didn't get the answering machine? It's so easy & human contact is avoided.)

With fewer face-to-face exchanges occurring, it's no wonder people are operating in isolation. Some observable trends:

- Execs spending more time tied to their phones or computers
- Sales forces communicate "from the road"
- Telecommuting is a staple at most large org'n's

With technology setting this pace, assumptions, worries & miscommunication from lack of face-to-face contact create a gap -- and thus deteriorate trusting relationships.

"STATE OF THE WORLD" REPORT SAYS PR KEY TO NEW MILLENNIUM

World population grew by 4B this past century while use of energy & raw materials grew more than 10 times. The millennium is overshadowed by threats to the natural world's stability, claims '99 edition of Worldwatch Institute's *State of the World* report.

"These trends cannot continue for many years," say Lester Brown & Christopher Flavin, lead authors. "The big question is whether we can

muster the ingenuity to change -- & do so rapidly enough to stave off environmentally-based economic decline."

Brown & Flavin contend that today's economic thinkers, fascinated with technology, have forgotten that modern civilization is dependent on ecological foundations, now crumbling. Tech advances have pushed enviro problems to a global level & human activity threatens planetary systems.

AMONG THE PROBLEMS:

1. World energy needs are predicted to double, but world oil production won't
2. Oceans are polluted & exploited. 11 of 15 most important oceanic fisheries & 70% of major fish species are over-exploited
3. Clearing of tropical forests has contributed to fires across large areas of Southeast Asia, the Amazon & Central America
4. 14% of 242,000 plant species surveyed by World Conservation Union are threatened with extinction due to massive land clearing for housing, roads, & industries. The disruption affects nature's ability to provide essential services from pollination to flood control
5. Carbon dioxide levels are at their highest & rising each year. Temperatures are rising as well. Weather-related economic damage in '98 (\$89B) exceeded losses for the entire 80s

Report says society must be ready to change to a sustainable economic system. This means shifting to an economy based on renewable energy that is solar-powered, bicycle/rail-based, and that reuses & recycles materials.

SOME SOLUTIONS

- Tax activities that cause environmental problems, e.g., taxing coal burning makes solar energy more viable. Germany reduced taxes on wages by 2.4%, raised energy taxes the same amount
- Wind power is an alternative in Europe & a fast-growing industry
- Japan is promoting solar rooftops for new suburban homes. Fuel cells, which turn hydrogen into electricity, are being studied as replacements for everything from coal-fired power plants to auto engines
- Replacing today's unsustainable economy will create major investment opportunities. Ford Motor foresees the demise of the internal combustion engine. "There is a rising tide of environmental awareness," says chmn Bill Ford. "Smart companies will get ahead of the wave. Those that don't will be wiped out."

(Report from 202/452-1999; www.worldwatch.org; \$13.95 single copy)

The challenge, they say, is mobilizing public support for these changes. PR pros will be involved, but usually defending interests opposed to the systemic changes required. As supportive pros weigh in, the battle will be joined -- and once again it will be pr determining this momentous issue.