

"Companies that find themselves in a credibility crisis need to remember to communicate openly, accurately & in a timely fashion. Communication, **not legal obfuscation**, is what's called for in these situations." [emphasis added]

The org's represent about 35,000 members. Chairs are Steve Pisinski, PRSA, & Charles Pizzo, IABC

## ITEMS OF IMPORTANCE TO PRACTITIONERS

- ¶ **Another Example of a Triggering Event (TE) from Healthcare.** The problem: "There are no good tools in place to screen for hypertension in men," say physicians. Tying the needed behavior – in this case, being tested – to a naturally occurring life event is perhaps the most potent of the 4 types of TEs (pr 11/4/96). So researchers decided to see if they could catch dangerous high blood pressures in men when they accompany their pregnant wives to the obstetrician's office. It works, and the check-ups found about 20% of those screened had high blood pressure they didn't know about. Since men often bring or go along with wives for prenatal care visits, especially in the later stages of pregnancy, this appears to be another valuable use of TE theory.
- ¶ **Firm Encapsulates Its Specialties in Describing Itself,** stops calling itself a pr firm. Morgan & Myers (Jefferson, Wis) uses this line: "We build brands, relationships & reputations."
- ¶ **Move to Localize Media Falls Before the Quarterly Financial Report.** Civic journalism has many faces & one is when metro dailies reach into the suburbs with real coverage. Usually this means regional offices & staffs. Media experts say offering local news is the way for media to survive in an era when instant world & national news is a click or a clicker away. *LA Times* was a leader in this. Until bought by Tribune Co., which fired 125 journalists & 45 ad staff producing 14 "Our Times" community sections. Seen as readership & revenue boosters when begun 2 years ago, editorially the goal was "covering news block by block." To cover the \$6.5-billion purchase price, eliminating local journalism is seen as a way of improving financial performance. Editor says it's a strategic shift away from local news to regional, national & world news – so change may prove whether experts' original advice was correct. Also whether there will be any really local news available anywhere.
- ¶ **To Motivate Giving by "Cyberstingy" Cisco Gets Inside Philanthropy Counselor.** He starts well by saying term is wrong, many e-world millionaires are generous donors. But get this: 2,000 of Cisco Systems' 19,000 workers are millionaires! Silicon Valley fundraisers must be lined up outside.

## WHO'S WHO IN PUBLIC RELATIONS

**HONORS.** Jim Grunig (U. Md) receives Paul J. Deutschmann Award for Excellence in Research from Ass'n for Education in Journalism & Mass Com'n – only the 2nd pr scholar to get it (Scott Cutlip, Grunig's former teacher, received it in '91). Award recognizes lifetime achievement in com'n research &

has been awarded only 15 times since '69.

Society for Healthcare Strategy & Market Development gives Awards for Professional Excellence to Susan Dubuque (MSI, Richmond, Va) & Susanna Krentz (Jennings, Ryan & Kolb, Chicago).

## STUDY: GLOBAL AGING & ITS FAR-REACHING EFFECTS IS A HUGE ISSUE TO WATCH, AFFECTING ALL ORGANIZATIONS

Even Toys R Us is impacted by senior citizens; imagine how many gifts are bought there by grandparents. A study by the Commission on Global Aging says a worldwide boom in the senior set is going to place new burdens on workers & employers & present difficult choices to voters & gov'ts.

- "Unlike many predictions about the future, global aging is no mere hypothesis," study asserts. "Its timing & magnitude are already locked in"

### FORECAST & IMPLICATIONS

By 2030 over half of Americans will be 50+. Worldwide, 24% of the population will be 65 or older. Figure has increased steadily since 1960 when seniors comprised 9% of world population. Major reasons are 1) declining fertility & 2) increased longevity. Among impacts org's need to prepare for:

1. **Populations of the developed world will peak & decline** absent massive immigration from developing nations. *Immigration issue* could change dramatically. "Global aging will breathe new life into the old debate over the desirability of zero or negative population growth."
2. **Increased life expectancy.** Advances in biomedicine will make an expectancy of 100 years or more attainable within a few decades. Greater life expectancy gains have been made in the past 50 yrs than the preceding 5,000 – with expectancy in the developed world now 75, and in Japan, 80.

### ECONOMIC EFFECTS & OTHER TRENDS SHOW UNIVERSALITY OF IMPACTS

1. **Healthcare spending** will explode because the elderly consume 3 to 5 times more services per capita than younger people. Also, the ratio of tax-paying workers to nonworking pensioners is 3 to 1 today, but by 2030, it is projected to fall to 1.5 to 1, and in a few European countries drop below 1 – impacting all public & private health insurance schemes as well as retirement benefits
2. **Pension spending.** Cost of public pensions will grow over the next few decades, causing widening budget deficits in some countries, "possibly wrecking their economies before collapsing domestic investment. By the 2030s, the combined public pension deficit of the G-7 nations would exhaust the net national savings of all the developed countries
3. **Economy.** As populations decline, so too will number of consumers & producers. "By 2010, the European Union will see a 13% decline in 20-39 age group. This group is in its household-forming years, so decline could lead to overcapacity in products & falling returns on investment in such key sectors as construction, real estate & durable goods." Banks, securities firms, etc. will experience deteriorating balance sheets

- 4. **Financial markets.** If exporting nations fail to enact timely fiscal reform & begin running massive deficits, this could lead to destabilizing shifts in the direction of global capital flows
- 5. **Labor markets.** Shortage may cause gov'ts to enact policies to expand the labor supply, but these won't work unless they reform retirement systems. The pressure to step up immigration will grow
- 6. **Changes in family** – lots of oldsters with not enough youngsters to care for them
- 7. **World Order.** Fastest growing, younger populations will be in Mideast, Africa & Central Asia, areas with biggest poverty rates, most rapid urbanization & weakest democratic traditions
- 8. **Reduced defense emphasis.** Rising pension & healthcare costs and chronic manpower shortages will weaken armed forces & defense budgets. Will this mean fewer wars – or tyrant's aggression?

The Commission also asserts that politicians & voters remain in denial despite mounting evidence that public retirement systems are unsustainable. In Europe, generous unfunded pensions are considered the indispensable linchpin of "social solidarity." Increase in older voters will make reform more difficult. Recent history shows that when European, Far Eastern or S. American economies have problems, it affects everyone including US & Canada.

**STRATEGIES** These touch every org'n from schools & healthcare to banks & marketers etc:

- **Encourage longer work lives.** Move beyond the "3 box cycle", i.e., education, work, retirement
- **Encourage work,** e.g., expand immigration & encourage working age citizens to be employed
- **Raise more numerous & more productive children.** Some developed countries have a long tradition of generous funding for "prenatal" incentives & investments in kids
- **Strengthen family bonds.** Societies like the US in which extended family is weak have much to learn from places like Japan that encourage & help family members care for one another
- **Target benefits according to need.** Public retirement systems disburse benefits to all retirees regardless of wealth, may turn to "floor of protection" strategy such as one being tested in Australia
- **Require savings.** Britain, Australia, Chile & Singapore are moving toward funded retirement savings – a strategy that doesn't impose tax or other burdens on future generations
- **Strengthen foundations for economic growth.** Reforming policies that inhibit capital & labor productivity – from taxes to pensions to employment to financial markets, is increasingly essential

Commission compiled the report over 2 years, under the aegis of DC-based Center for Strategic and International Studies with Watson Wyatt Worldwide (Bethesda). *Global Aging: The Challenge of the New Millennium* outlines trends & forecasts how global aging will restructure the economy, reshape the family, redefine politics & rearrange the geopolitical order. Commission is a group of high-profile policymakers like Walter Mondale, Ryutaro Hashimoto (former prime minister of Japan) & former Deutsche Budesbank pres Karl Otto Pohl. (More from CSIS at 202/887-0200 or www.csis.org)

## EVALUATING ORG'NS ON THEIR NONFINANCIAL PERFORMANCE: SOME EXAMPLES OF HOW THE DEVIL'S TRULY IN THE DETAILS

Since the search for useful nonfinancial indicators gained steam, everyone seems to have a solution. At least every research firm is coming out with their proprietary approaches. Many are silver bullet ideas, e.g. measuring reputation & assuming it reflects every intangible value.

**But real nonfinancial evaluation has to get beyond intangibles wherever possible** – to identify & measure the elements that produce financial results. Financial reports are simply a means of *keeping score* on an orgn's performance. Nonfinancial evaluation must measure the activities that lead to the performance measured in the financials – i.e. what the financials are *keeping score on*.

Council of PR Firms lists 9 areas essential in measuring reputation (but one of these is financial performance, leaving 8 nonfinancial items). Problem is, most are *output* measures. What's needed are *outcome* evaluations. For instance, compare these lists:

### CPRF's 8 Elements

- Customer focus
- Emotional appeal
- Employees/workplace
- Leadership
- Management
- Quality
- Reliability
- Social responsibility

### Most Mentioned Nonfinancial Measures

- Customer loyalty
- Employee engagement
- Community support
- Social responsibility
- Innovation
- Regulatory/legal position
- Management style & succession planning

"Most mentioned" list measures outcomes & behaviors. Customer loyalty, e.g., is a better measure than customer delight because it is behavioral evidence customers are sufficiently delighted they keep using the product or service. Level of engagement shows whether employees are doing the things that lead to success is modern org'ns. Innovation can be tallied in new products, services, policies, strategies. Whether lawsuits are frequent & regulators unhappy is easily ascertained.

### GATHERING DATA COSTS \$\$

Financial data is collected & audited by large staffs with substantial budgets. Nonfinancial data also needs to have energy & dollars invested in it – since it is the best way to evaluate future success of org'ns. With budgets equivalent to those spent on auditing firms, this vital measurement can be done.

### IABC & PRSA CEOs ISSUE JOINT STATEMENT ON FIRESTONE/FORD

Event is doubly rare: because positions have seldom been taken by either on topical issues, & the fact they did it together. While triggered by the tire/rollover case, there is generic value to the statement:

"The public has a right to information relating to public safety. In an environment that is becoming increasingly transparent, corporations & institutions have an ethical responsibility to communicate the information the public needs to make informed decisions regarding the products it purchases.