- **Was the choice of the *WSJ*, a conservative paper, unusual** for a first run ad campaign of this nature? "No! A lot of gays read the *Wall Street Journal*. There are a lot of gay conservatives who read it." And, he adds, there are a lot of gays who don't read gay publications

- **The lesson is that this segment is multi-segmented**. By placing the ads in mainstream periodicals like *WSJ*, and soon, *Entertainment Weekly*, GFN is also helping the gay guy or gal in Peoria who doesn't have the luxury of being part of a large, openly gay community

INCREDIBLE STARTING PAY FOR LAWYERS HAS MANY FALLOUTS

"To battle associates' flight to dot.coms," starting pay for beginning lawyers at name firms now ranges from $125-155,000, including bonuses – a 40-50% increase over last year. This is more than state & federal judges earn & dwarfs district attorney or legal services figures.

Beyond adding to the greed syndrome, & implications for the legal & criminal justice systems, there are parallels here for pr & other fields:

1. **Inability to lure top talent**, a major pr failing as many top pr jobs go to other disciplines – including lawyers
2. **Ethical issues as law firms accept stock in payment from dot.com clients**, which both caused the raises as young talent jumped ship to them & gives the firms the funds to pay exorbitant starting salaries. Are lawyers objective counselors or venture capitalists? How many pr firms do this...?
3. **Relaxed atmosphere & exciting challenges** of dot.coms & startups contrasts with rigidity & often stifling cultures of legal practices
4. **Work-family balance problems**, since new lawyers will have to bill mega-hours to justify the pay (+ rich benefits that often include concierge services to keep their minds on the work). And, what's the quality of work under such pressures – another ethical issue, and a social issue
5. **Book-learning vs time-in-grade**. As one senior lawyer put it, "Attaining real competency takes years of experience, training & apprenticeship. The skills & knowledge required for major litigation & complex transactions are not taught at law school." Direct analogy with pr.

WHO'S WHO IN PUBLIC RELATIONS

MOVING ON. Alan Ziegaus leaves Stoorza, Ziegaus & Metzger after 20 yrs to pursue other interests. Helped build firm into largest in Calif – & probably only entity ever with 3 names all containing that rare letter "z".

APPOINTED. prr's plain talk supplement author, John Budd (Omega Group, NYC), named to a Blue Ribbon Commission on the Role of the Board in Strategic Planning, for National Assn of Corporate Directors.

ELECTED. Counselor Jean Farinelli as pres of PRSA Foundation. Ron Culp (Sears svp) is pres-elect, Tom Martin (ITT vp) treas. & Clarke Caywood (Northwestern U) secty. New trustees are Reed Byrum (EDS Comns), Terry Fasburg (Philips Electronics), Dave Grossman (McDonald's), Mitch Head (Golin/Harris), Maril MacDonald (Navistar), Joe Vecchione (ex-Prudential & PRSA '92 pres) & counselor Sam Waltz ('99 PRSA chrm).

pr reporter

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E-mail: prr@prpublishing.com
www.prpublishing.com

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ISSUE ANTICIPATION: WHEN THE "MONOPOLY MONEY" ECONOMY ENDS & PRODUCTIVITY & PROFIT ARE BACK IN VOGUE, WHAT'S YOUR PLAN? START NOW, AS THERE MAY BE LITTLE TIME

America doesn't need Las Vegas; we have Wall Street. Investing now means speculation & gambling. But the resulting economy is built on such untenable ground almost no knowledgeable voices are predicting anything other than an eventual downturn – going back to ***real*** value. Indicators:

- **Many corporations no longer bother to pay dividends**; shareholders are to be rewarded by increases in the value of their stock – as if it could go up forever. Making a profit means earning funds to buy other companies, create new products or services, or invest in innovations

- **Valuations of companies have become unreal**. Silknet Software went public in May '99 with an offering that brought $52 million ($15/share). Kana Comns went public last Sept. also at $15/share. Now Kana has acquired Silknet for $4.2 *billion*! Together the two tiny firms have $90 million in sales & 625 employees. It's "monopoly money" & new examples occur every day

- **Microsoft is the prime example**. It has sales of $20+ billion, but a market capitalization (value of stock) of about $365 billion

- **GM is now considered a hopelessly old-fashioned, rust belt, smokestack company**. But however advanced cyberspace becomes, until humans master levitation transportation vehicles will be necessary. While investors were gaga over dot.coms, suddenly a boring old commodity – heating oil – went up in price more than stocks when shortages occurred

A comparison that suggests a rational correction must come: CMGI is a venture capital outfit that helps e-world startups. It lost money last year. Sycamore Networks went public last fall with annual sales about $75 million. FleetBoston is the US' 8th largest bank with global reach, thousands of employees, hundreds of branches & made $2 billion last year. Yet both CMGI & Sycamore are valued at the same $27 billion by the stock market as FleetBoston! "Because we don't have a dot.com behind our name, there's a sense we've missed out on the new economy," says the bank's CFO

- **AP's description of another very successful bank's falling stock price** – when it stopped acquiring other banks to digest its growth – says it succinctly: "Fewer deals means fewer investors who ***place bets*** on the next acquisition target" (emphasis added)

- **Venture capital has replaced traditional bank financing**, putting startups & innovation in the hands of a few, mostly rich financiers; but once launched into the stock market, individual investors are now taking control or are at least again a factor thru e-trading etc.

EDITOR, PATRICK JACKSON • PUBLISHER, OTTO LERBINGER
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EVERY ORG'N NEEDS A CONTINGENCY PLAN FOR WHEN FISCAL REALITY RETURNS

Consider the impacts, hitting every type of org'n, but some particularly:

- On employee retirement funds, whether pensions, 401(k) or whatever
- On fundraising, available tax sources, charitable contributions
- On launching new products or services; divestitures, mergers & acquisitions; restructuring (might this bring back decentralization?)
- On downsizing & other workforce factors – including the availability again of new hires, or a return of unemployment as an issue
- On consumer & business purchases
- On e-world companies, their suppliers & counsel

This isn't intended to predict a 30's type depression, just the inevitable tightening when money is no longer freely available & loosely expended.

SOME QUESTIONS A PLAN MUST ANTICIPATE NOW

When all the new millionaires & billionaires find their stocks worth a fraction of today's value, & even the average investor (which today is almost everyone except the very poor) is no longer sure of retirement money; & when mgmt gauges the impact on your org'n...

1. **Will the world turn away from current management styles**, organizational policies & cultures? Will they become discredited in your org'n?

2. **How badly will morale suffer** – or might resolve be increased as people want to regain their former position? What stimulating acts should your org'n put in place to increase resolve?

3. **Will risk-averseness return**, which inevitably furthers the downturn?

4. **Are stakeholder & customer relationships strong enough** to hold essential networks together in the face of psychological, emotional change?

SOME INDICATORS THE CHANGE IS ALREADY UNDERWAY

Tried to interest media recently in any business stories not about dot.com or without an e-world angle? It's about all they're covering. And now much of it has turned to questioning the monopoly money aspect of the "new economy."

- Fed chrmn Greenspan, economists & financial commentators are joining media in the queries – & **almost seem to be talking us into a crash**

- **"Hype fades to reality"** was a headline over a recounting of the poor performance of online retailers. Their stocks have dropped as much as 50-70% since the post-Christmas selling season demonstrated the world isn't ready to give up going to the mall. In fact, established bricks-&-mortar retailers are using their well-established customer relationships to add e-tailing to their arsenal – & outdoing or gaining on the e-commerce upstarts, almost all of whom have huge losses

- Fundraisers report huge gifts as the older generation begins the long-expected **massive transfer of wealth** between generations before the market changes

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FIRM REACHES GAY PUBLIC WITH DIRECT, LIGHT-HANDED APPROACH; A RISING MARKET NOT TO BE OVERLOOKED

Reaching out to the gay community is tricky for a consumer product or services company. It's one thing to wink at the target audience by featuring a supposedly gay couple or gay spokesperson in an advertisement, or to discreetly support gay causes & events behind the scenes. But overtly targeting gays is another thing altogether.

- A new financial services firm, the Gay Financial Network (NYC), markets to the gay community openly, in a very visible way, using a message strategy that aims to unite everyone thru humor

A NICHE WITH A NEED

"Gay people have very unique financial needs," pres Jeffrey Newman told prr. "Many straight people plan portfolios with children in mind. Most gay people don't have children who will help to take care of them in their golden years," or to whom they can leave their assets. Other situations particular to gays:

1. **Will & estate planning**. "If something happens to a partner in a gay couple, it's not a blood relationship, there is no legal protection." Essentially, family of origin has say not only in burial, but what should happen to financial assets. "If something should happen to one partner, the other partner would have no say. Unless we know how to protect our futures, we're screwed. These protections have to be in place"

2. **Taxes**. "How do gay couples file tax returns?" What options exist that would best protect them? "How we plan for these things has to be totally different"

3. **Mortgages**. Newman says gays in urban areas don't realize the ordeal it is for gay partners who live in small towns & rural communities to go into a bank & apply for a mortgage. "The truth is that in rural places and in the Midwest, gay people need a lot of help"

GFN offers free news & info pertinent to the gay community (updates on lawsuits involving gay rights, etc.) as well as advice in online trading, home mortgages, online banking, insurance for members.

UPBEAT, OUTFRONT, MAINSTREAM

GFN decided on an upbeat, humorous message strategy using broad-based appeals. **"We didn't want to get on a soapbox; it doesn't work."** Preaching can make people resentful & may turn off the target public as well. Instead, Newman's group is running a series of humorous ads in mainstream press, starting with the *Wall Street Journal*. Half-page ad features cigar-chomping, bombastic banker type guffawing, "You're gay? Well, I'm feeling quite happy myself." Sub copy reads, "Log on for a more welcoming financial network. Empowering the gay community toward realizing the American Dream."

"The idea was to parody the type of attitude a lot of gay & straight people are familiar with." Not homophobic, necessarily, but ignorant. Newman says most bankers & mortgage brokers are stumped when gay mortgage applicants disclose their orientation. "He or she doesn't know how to react, or what to say." He's hoping that the ad, one of a series, will help put everyone at ease & get them used to the idea that gays need financial planning as well as straights.