

## THE GOOD OL' CONTRARIAN, JOHN BUDD, WONDERS ABOUT PANDERING TO NGOs: NAÏVE SINCE ACTIVISTS ARE INTRACTABLE?

"No CEO is going to want to 'give them responsibility' (pr 8/21). It is this sort of naïve advice that disconnects much of what we do – & propose – from gaining a CEO's respect," Budd feels. "Of course it's prudent to anticipate what they are about & try to accommodate, within reason & within acceptable modifications to organizational strategy. But, always, we must understand they are not placated by such."

- **"Good case in point**, the reasonable response of the 5 big multinational drug makers to the AIDS crisis & criticism of their 'uncaring' attitude. They not only offered to negotiate steep pricing cuts of relevant drugs with UN agencies, but collectively they are underwriting a wide variety of local programs to address the plight – Merck, \$200 million & counting; Bristol-Myers Squibb, \$100 million – not to mention hundreds of thousands of free drugs
- **"But no one is satisfied** – arguing about how the money is doled out, who gets the medicine etc etc. It shows how intractable these activists are & highlights the naïvete that peace can be bought by accommodation"

Budd's 6 months on the Blue Ribbon Commission on the Role of The Board in Corporate Strategy, convened by the National Ass'n of Corporate Directors, impressed on him that corporate leaders know much about the things "conventional wisdom says they are blind to."

## ITEMS OF IMPORTANCE TO PRACTITIONERS

- ¶ **Copy-laden, Large Memo Pads Reach Members Or Supporters With In-depth Messages.** Int'l Health, Racquet & Sportsclub Ass'n has a battle with health centers run by YW/YMCAs, Jewish Community Ctrs, hospitals & other tax-exempts. Tool to push home its position is a plump & handy lined pad of 100 sheets. At top, under logo, is this all-cap headline in black reverse: "Winning the war: 100 ways to beat tax exempt competitors." At the bottom are 100 case studies – small type, yet irresistible. Each has a large number in a black & yellow circle, reminding you not to miss this one. The stories of victories over tax-exempts are creative, relatively brief, able to be applied by others.
- ¶ **Yet More Research Supports Power Of Nonfinancial Indicators – In This Case, Branding.** Companies from 32 industries with the highest brand scores returned 402% to investors between 1990-99 – compared to 309% for Dow Jones Industrial Average companies, & 308% for S&P 500 firms. Average annual return of 17.51% for the top brand outfits beat the 15.13% & 15.11% for the other 2 groups also. "Superior brands deliver superior investment returns," comments CEO Jim Gregory of Corporate Branding LLC (Stamford). Study used company's trademarked "BrandPower" methodology, similar to the Fortune 500 study. Prior study (pr 11/24/97) found brands account for "a significant portion of a company's stock valuation." (More from 203/327-6333)
- ¶ **Here We Go Again For The Nth Time: Feds To Run Ads To Change Indian Drug Use.** This continual throwing of money at media when both research & common sense say it can't solve the problem may be a tribute to the ad industry's lobbying power – or perhaps its extortionate tendencies (this is an election year). \$2-million ad campaign in tribal & nat'l papers, nat'l mags & "scores of radio stations" will feature elders communicating to youth not to use drugs – i.e. preaching. In contrast, about half this amount will go to alcohol & drug prevention or treatment programs – funded at an insufficient \$100,000 or less over 3 yrs. Native American drug use among teenagers is twice the national average.

## BOURGEOIS BOHEMIANS (BOBOs) ARE THE NEW ESTABLISHMENT, DEFINING OUR ERA; PRACTITIONERS MUST UNDERSTAND THEM

"The old categories no longer make sense," says David Brooks in *BOBOS in Paradise: The New Upper Class & How They Got There*. It's no longer the old *bourgeois* world of capitalism vs. the *bohemian* counter culture. Among today's educated elite (education is the critical determinant) ...

- It's impossible to tell an "espresso-sipping artist from a cappuccino-gulping banker" since they share the same attitudes, values & goals on most subjects
- These college educated opinion leaders & culture shapers have "combined the counter-culture 60s & achieving 80s into one social ethos"

This makes for some interesting conjunctions as well as contradictions. But practitioners reading this insightful (& often funny) book will undoubtedly agree from experience that the author is on the right track – and if we are to understand today's stakeholders & publics, this is vital knowledge. Samplings:

- A. **The Information Age is the propellant because it merges money & ideas.** Intellectual capital & the culture industry rule. Ideas once offered by intellectuals to improve or critique society are now turned into dollars as intellectual property
- B. **BOBOs are an elite** – but more enlightened than the old ones which were based on family or money
- C. **Key issues for them are schools & higher education** – since they represent the rise of the Educated Class, beginning as the Industrial Era began to wane in the 50s. This is why these have emerged as key issues today, Brooks postulates
- D. **Symbol of their emergence into leadership** is the *NYTimes* wedding coverage ("the mergers & acquisitions page" he calls it) which now emphasizes not pedigree & breeding but 1) college degrees & schools attended, 2) graduate degrees, 3) career path & 4) parents' professions

## HOW TO TELL IF YOU, YOUR BOSS, CLIENTS OR STAKEHOLDERS ARE BOBOs

Basically BOBOs are synthesizers – merging what once would've seemed opposing forces. They link the quest for intellectual power & knowledge (bohemian) with the quest for a summer home (bourgeois). They reconcile "Dionysius, the god of abandon, with Prometheus, the god of work." Standard of living with Reason for living. Being good with Making good.

- **Their goal is to rebuild connections** – which is causing the gigantic yearning for community, for teaming, for work/life balance



- **This can come across as phony** (60s word; they'd say faux) as in a religion of "Flexidoxy" which finds value in several faiths. Probably what stimulated the Vatican last week to attack "religious relativism which leads to the belief one religion is as good as another" & proclaim Roman Catholicism the only "instrument for the salvation of all humanity" – illustrating the influence of BOBOs in many spheres of life
- **As intellectuals, they want to be in the mainstream of ideas** – commentators, panelists, seminar givers, columnists, think tankers, authors, journalists, pr pros – but want to get big bucks for it
- **"Say's Law"** lets so many of them do it: "The more people are saying, the more there is to be said." This can lead to situations where an upcoming but still junior intellectual hack can ghostwrite an op-ed piece for a CEO which gets great pickup; then go to work for a candidate, to whom the CEO sends the piece. The candidate then asks the hack to write a letter in his name praising the piece the hack wrote for the exec (pr work?)
- **BOBOs are democratizing because they are a meritocracy.** Anyone & each generation can enter. A question is how much they care about non-BOBOs – which is the fundraising conundrum of the decade: Will the newly well-off be philanthropic, & how? (pr 7/31)
- **Their main influence comes thru culture, not politics,** Brooks claims
- **BOBO status derives** – again a contradiction – from Net Worth x Anti-materialistic Attitudes. "One foot in the bohemian world of creativity & another foot in the bourgeois realm of ambition & worldly success." Hybrids

**PR is present-day anthropology.** Few guides to the mores of the modern natives are as insightful as this book. And if Brooks' depiction rings untrue, borrow from Michigan's state motto ("If you seek a beautiful peninsula, look around you"): To check out his thesis, look around you.

#### PLACES WHERE BOBOs LIVE WILL SOUND FAMILIAR

"The ideal Latte Town has a Swedish-style gov't, German-style pedestrian malls, Victorian houses [starter castles], Native American crafts, Italian coffee, Berkeley human rights groups & Beverly Hills income levels. There should be some abandoned industrial mills that can be converted into lofts, software workstations & organic brownie factories. And in utopia a Latte Town would have Rocky Mountain views to the west, redwood forests downtown, a New England lake along the waterfront & a major city with a really good alternative weekly within a few hours' drive."

#### STUDY: PUBLIC EXPECTS SOCIAL RESPONSIBILITY FROM ORG'NS, WILL PUNISH THEM FINANCIALLY IF THEY DON'T MEASURE UP

The public expects a lot from companies & org'ns, wanting them not only to take responsibility for their own offenses, but to help cure societal ills, finds a worldwide survey by Ontario-based Environics International. "We surveyed 25,000 people across 23 countries," Robert Kerr, senior consultant, told pr. "We asked the public, 'To what extent should corporations be held responsible for nefarious activities such as bribery, environmental misdeeds, child labor, etc. – as well as providing universal standards & solving social problems?'" Findings show the public does hold corporations culpable, the priorities vary among countries.

- 49% say **social responsibility** (labor practices, business ethics & enviro impacts) is the strongest determinant of their feelings about a company
- This is followed by **brand quality & image/reputation, 40%, & business fundamentals** (financial factors, size, strategy & management) at 32%

#### AFFLUENCE BEGETS ALTRUISM; POVERTY WANTS JOBS

1. **Ironically, richer nations are more likely to expect companies to help society.** Consumers in these countries want universal standards (health, safety, etc.) Poorer countries, in contrast, want companies to pay taxes & turn a profit. "Interestingly, people in Kazakhstan, China, Nigeria & India are 3 to 4.5 times more likely than North Americans to believe a company's role is simply to make profits, pay taxes, provide jobs & obey laws." These are seen as more important because people yearn for stronger economies.
2. **A full third of US respondents want corporations to build a better society.** "Americans are among the most adamant about a broader role for companies. Only 11% think they should focus only on making a profit, paying taxes, employing people & obeying all laws. Three times as many (35%) think they should also work to exceed lawful requirements, set higher ethical standards – [look out Firestone!] – & help build a better society for all." Most Americans (53%) think companies should operate somewhere between these points of view. Citizens of only 2 other countries (Australia & Canada) are more aggressive on this issue.

#### POCKET BOOK PUNISHMENT

1. **Nearly half of US respondents say their perception of a company led them to consider rewarding or punishing a company by purchasing or not purchasing its products or services** – or by speaking up, either for or against an org'n. Globally, 40% of the 25,000 respondents think about punishing a specific company perceived as not socially responsible. Half of these – 1 in 5 worldwide have avoided the product of a company or spoken out to others against a company. Consumers are just as likely to "reward" a company perceived as socially responsible.
2. **20% of the global sample are considered "opinion leaders"** – people in leadership roles in org'ns, or those who regularly speak in public & influence other's opinion. Compared to the general population, opinion leaders are twice as likely to talk about corporate behavior & significantly more likely in the past year to have punished a poorly perceived company. Interestingly, employees of large companies are *more* likely to be concerned & active in this area than the general population.

#### UPCOMING EXPECTATIONS

The strength & breadth of findings suggest that org'ns & companies in the 21st Century will be expected to:

- **Demonstrate commitment** to society's values by actively contributing to social & enviro goals as well as economic ones
- **Insulate society** from negative impacts of their operations, products & services
- **Share benefits** of company activities with stakeholders as well as stockholders
- **Demonstrate** that they can "do well by doing good"

Study is part of the "Millennium Poll" on corporate responsibility conducted in cooperation with the Prince of Wales Business League (London) & the Conference Board (NYC). (Info from rob.kerr@EnvironicsInternational.com)