

PUBLIC AFFAIRS COUNCIL PUBLISHES TIMELY PAC HANDBOOK

With media stories abounding about campaign contributions from Enron and Global Crossing, public attention is focusing on the role of money in politics. The Public Affairs Council's latest publication, *The Corporate PAC Handbook – A Complete Guide to Successful Fundraising and Management*, however, has a much wider scope than the title might indicate. Yes, it does give practical advice on how to involve more employees in political action committees (PACs) and to increase their giving. What's splendid about the book, however, is the broad concept that "employees can be an ambitious and viable political force."

THE "BIG PICTURE"

Four major thrusts define the "big picture":

1. **Developing broadbase PACs.** "A broadbase PAC attempts to solicit as many people as it legally can – including senior managers." Not only does it raise far more money than PACs that include only senior officers, but it can "serve as a first step in educating and motivating employees to become active political participants."
2. **Democratizing.** This means involving PAC members in the day-to-day operations of the PAC and other complementary good government efforts. It also means **allowing PAC contributors, not government relations professionals, to select the candidates who receive funds.** A section, "Trends Shaping the 'New' Corporate PAC," calls this feature "perhaps the most significant trend in political action committee management."
3. **Coordinating with grassroots programs.** PACs and grassroots programs, says the handbook, are complementary endeavors that should be coordinated. If PACs are properly administered, "they politically educate, motivate and mobilize participants."
4. **Building support for the gov't rels function.** Especially when soliciting senior managers – who generally comprise a group of 40 to 200 employees – the first step is not to sell the PAC, "but rather to sell the mission and the accomplishments of your company's government relations operation."

PRACTICAL ADVICE ON SOLICITATIONS

Most of the handbook's 17 chapters give practical advice on forming a PAC,

soliciting funds, and a variety of fundraising matters. Although it carefully says it is not a legal manual, a chapter deals with "Legal Considerations," e.g., who may be solicited for a corporation's federal PAC. Many chapter sections raise practical issues, e.g., does recognition of PAC members alienate non-contributors? The handbook doesn't hesitate to make bold recommendations, e.g., "If your employees are subjected to two competing solicitations, one for a federal PAC and one for a state PAC, *stop this practice immediately.*"

The book is **organized to address practical questions:** When are peer group solicitations advisable? How to protect your PAC against charges of political coercion? How much should an employee be asked to give? (The average is \$200 to \$300 a year and, incidentally, referring to "Fair Share" is a negative – contributors resent being told that their contributions are or aren't "fair.")

As the Public Affairs Council's president states in the handbook's intro: "Since the mid-1970s, political action committees have become one of the most important and influential methods of political participation in the US. They provide opportunities for like-minded individuals – representing every conceivable cause or institution – to come together and speak as one voice through their campaign involvement." (\$125 for Public Affairs Council members, \$195 for non-members, shipping included. Order from www.pac.org/pubs or mail to 2033 K Street, NW, Suite 700, Washington, D.C. 20006.)

TRANSPARENT COMMUNICATIONS AND RELATIONSHIPS BASED ON TRUST – ESSENTIAL TO WEATHER A FEAR-FILLED ENVIRONMENT

Enron. Tyco. Kmart. Who's next? As stocks drop and the market continues to flail, boardrooms are fearful that though they have done nothing wrong, their stock may be affected by the general **distrust that is now pervasive among investors.** Or is it? Is the fear directed only at the few?

Or could this be similar to the medical field where doctors in general are considered suspect, but an individual's doctor is okay? It is the **personal relationship built over the years** between the individual doctor and the patient that contributes to the trust of one doctor over a suspect profession. If an organization has built relationships based on trust with its employees, stockholders, analysts, board members, et al, then it is equipped to successfully navigate despite the roughness of the waters.

TRANSPARENT COMMUNICATIONS KEY

The Enron situation, as with Tyco, occurred because of information being withheld and hidden from interested publics. **Transparent communications – communications that lay open the details of corporate operations and decisionmaking for all stakeholders** – would have brought questionable practices into the light much earlier. **Building transparent communications requires:**

- Commitment from senior management to make it a priority throughout the organization
- Sharing all information and installing systems for collecting feedback and input
- Avoiding even the *appearance* of questionable practices (this includes any outside auditing or counseling firms)

Being open is no longer enough. Open implies something else is closed, which raises questions. Better is showing the reasoning behind statements and decisions, so people can participate in the thought patterns. To gain trust, this sometimes means letting stakeholders in on the options before decisions are made. Two-way participation is needed more than ever. You need to say to your stakeholders:

WHERE WAS PR? One critical role of the public relations practitioner is as the "conscience" of the organization – to look at all actions, decisions, policies and methods with not only the eye of **how** those actions would look or be interpreted by stakeholders but whether it is the **ethical** way to do things.

Corporate America goes through cycles – the ethics officer, the sexual harassment officer, currently the safety and security officer. In contrast to those cycles, public relations is a steady presence in corporate life and should always identify and name unethical conduct as part of its responsibility to employees, stockholders and all the organization's publics.

- “Here’s how we’re making the decision. Here are the facts that led us to this.”
- Or, “Here are the options. Let’s look at them together so you can help us make the decision.” This is where top management must be committed. If stakeholders make their opinions known but your organization doesn’t respond to them, it will be a relationship destroyer rather than a builder.
- Or, “I believe I’m honest but you judge for yourself. Here’s the data. What do you think?”

RANKING OF MOST TRUSTED COMPANIES BASED ON CUSTOMER SERVICE, FINANCIAL REPUTATION BEFORE ADVERTISED “IMAGE”

Harris Interactive’s 3rd annual Reputation Quotient (RQ) Gold study finds Johnson & Johnson still leading the list of corporations people trust the most. Other companies, many of them tech-based, have slid from the top amid cries of declining customer service. Still others, such as Philip Morris and Firestone are bottom-dwellers, despite indefatigable attempts to win public favor...through *advertising*.

WINNERS, LOSERS “AND WHY”

visible U.S. companies. Industries represented include airline, automotive, technology, oil & energy, and retail. Harris surveyed key stakeholders – the general public, consumers, general investors, employees, and boycotters – to find out how these groups perceive companies. Subjects based responses on attributes divided into six dimensions: 1) emotional appeal; 2) products and services; 3) vision and leadership; 4) financial performance; 5) workplace environment; and 6) social responsibility.

The poll, conducted by Harris and the Reputation Institute, measures perceptions of the 60 most

“The public is remarkably good at sensing what companies are up to,” says Charles Fombrun, exec dir, Reputation Institute. “On one hand, Microsoft earned good marks for carrying out a smooth leadership transition from Gates to Balmer and for emerging relatively unscathed from the government’s antitrust efforts. On the other hand, the public was not fooled by DaimlerChrysler’s rocky inter-continental marriage and Lucent’s unraveling business model.”

The study was divided into two phases, with a total of 10,038 respondents interviewed for the nominations phase and 21,630 online respondents for the RQ ratings phase. Responses that were brand names such as “Marlboro” or “Kraft” were encoded under parent companies. Also, responses based on regional favoritism were omitted. The top 3:

1. Pharmaceutical giant **Johnson & Johnson**, associated with concern for babies and others, received an RQ of 82.5 out of 100 points.
2. Surprisingly, **Microsoft** followed at (81.8). Respondents cited the ease of the company’s leadership transition and its handling of the anti-trust suit.
3. **Coca-Cola** (80.8) achieved 3rd place, a rebound as Coke was at 16th place in 2000. “The public appears to have forgiven, or forgotten, the company’s mistakes,” says a Harris spokesperson. “Only companies with historically strong reputations have the ability to rebound this quickly.”

Despite exhaustive *advertising* aimed at reshaping its image, troubled tire-maker Bridgestone/Firestone scored low (46.7), as did cigarette maker Philip Morris (56.4). DaimlerChrysler plummeted with the biggest decline since the start of the survey – 15.8 points. Lucent lost 7.3 points, with people pointing to poor vision and leadership and much publicized financial problems. Others who lost points include AT&T, Gateway, Xerox, Amazon and Yahoo.

TRUST BOOSTERS AND “BUSTERS”

The more impressed people were with the corporate response to the September attacks, the more positively they rated reputations across each of the six areas. Not only was the public warmed by action taken by the company, but also most felt that **companies’ actions made them more “human” and more “sensitive.”**

Johnson & Johnson took out full-page advertising space in major magazines and donated the space to nonprofits. But *humility gained more points than showiness* (see box). The sight of relief workers unpacking cases of **McDonald’s** food items at Ground Zero did more for the chain than a sympathy statement crawling across the screen during a commercial could have. **Verizon Communications** lost points because some people thought its letter informing customers how it provided free telecommunications throughout Manhattan during the crisis seemed self-serving. But helping at Ground Zero proved to be a sticky wicket: “**Honda and Procter & Gamble** helped behind the scenes but were perceived as not helping at all.

Quality of products and services are also key trust factors. McDonald’s earned points as the most recognizable of all corporate logos and one of the most socially responsible companies, but fell to 33rd place from 24th last year because of customer service (one person reported a meatless Big Mac). Home Depot dropped from 4th place to 19th as people complained about boxes in the aisles and ignorant, unhelpful clerks. Both companies say they’re fixing the problems; e.g., “McDonald’s is hiring new execs in charge of customer service, holding seminars, etc., while the hardware behemoth is having employees unpack supplies at night to unclutter the aisles for customers during prime shopping hours. It’s also scheduling employees on weekends to better cater to customers’ needs.

People find telemarketers obnoxious and airlines unaccommodating. “It used to be glamorous to fly,” says one respondent. “Now, we are herded on board, told to sit down, shut up and hang on.” Airlines also lost points for lax security and lay offs after September 11th. And financial problems proved to be a trustbuster: “DaimlerChrysler, AG & Lucent lost points because of low ratings for financial performance and vision.” (More info from Nancy Wong, Harris Interactive, 585/214-7316 or nwong@harrisinteractive.com.)

Getting credit for your organization’s socially responsible actions is a must, wrote Pat Jackson in 10/26/92 pr:

The donor’s approach is not to brag about helping, but the more effective tactic of announcing the philanthropy a) “to call attention to this important community program,” b) to urge others to consider giving, either to the program (if possible) or to similar causes. Announcement is more potent if signed by “Employees of...”