



PR POINTERS



Big Agency versus Small: Bigger Is Not Always Better

[By Leonard Saffir]

I have helped manage one of the biggest agencies in the world and one of the world's smallest — my own one-man shop — and firms of every size in between. Big is not always better (though it's certainly the most expensive). Oftentimes the only difference between a big agency charging \$20,000 a month and a small one charging \$3,000 is \$17,000.

I have sat in on many new business sales presentations along with highly skilled colleagues after which we, the new business team, won the accounts but spent very few hours on the new clients' business. Some agencies tend to over-promise the everyday services of their top executives. In fact, I left the big-agency world because more and more of my time was spent pitching new business and less on the day-to-day creative side.

Any firm with anything on the ball at all is good at presentations. The senior people and the top agency talent spend a lot of time and effort on new business, sometimes giving short shrift to existing clients.

The new business team will have developed a polished dog-and-pony show. The basics of all effective new-business pitches are pretty much the same: demonstrate a dazzling flair, show extraordinary sensitivity in responding to a potential client's concerns, promise enduring cooperation and high-level results.

Merilee Kern runs her own small PR/marketing firm in San Diego, Kern Communications, and she loves it just that way.

"I think that younger and/or smaller shops have less bureaucracy and more flexibility that allows them to quickly adapt with the times...new technologies and otherwise," she told me.

With a specialty in high technology, Kern believes "technology and the ever-changing Internet space have vastly changed the PR landscape."

"My boutique firm handles clients quite effectively and, more important, successfully all over the country. I've found the client proximity is truly insignificant and that being in the same city as a client can actually be counterproductive since more time is spent meeting rather than producing. And, again, with the advent of technologies, my small shop is able to provide the same level of service as the giants but with more flexibility," she said.

Many small firms enter into alliances with other firms in or out of their areas and call them in as needed.

Bob Dilenschneider is one of the giants of public relations. The Dilenschneider Group, of which he is CEO, is a partner firm in the Worldcom Group, the world's largest organization of independently owned public relations consultancies with 91 partner firms and 113 offices on six continents.

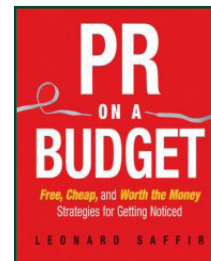
I asked Dilenschneider for his comments on big agencies versus small agencies. Here's what he told me:

"The size of the agency makes no difference at all. Nor does the scope, nor the geographic reach of the agency make a difference. The difference for any client is really in the people. Do they bring the experience, knowledge, insight, and contacts to a client that will make a difference in that organization's results and bottom line?"

"Is big better?" I asked.

"Many agencies, both large and small, are stuffed with people who couldn't get jobs

elsewhere and whose approach to the field is remedial at best."



Dilenschneider believes "clients should seek original thinking and people who can look around corners and forecast what [is] coming; individuals who have the integrity to work whatever hours are necessary to get the jobs done; people who can share opinions and come up with better ideas as a result, rather than being polarized in terms of their own views; and individuals of high ethical standards."

"Does a big agency benefit because it can put 30 or 40 people into the field to help drive a point of view," I asked.

"Not necessarily," Dilenschneider responded. "It's been proven over and over and over again that one person who understands how to work with the media, outside interest groups and others of similar ilk, can be as effective with six or seven paragraphs and can find ways to protect them over and over again."

Dilenschneider told me a story about the late Roy Battersby, who, he said, could work any situation:

"He could send a story to the press on butcher paper with the blood dripping off the sides or to an editor in Beijing as well as



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New York on the same grounds as long as he had a story.”

“Does a big agency help when it comes to generating research?” I asked.

“Only if the researchers are really good. The small or medium-sized agency can reach out to research sources just as easily as a big agency and often more efficiently,” Dilenschneider said.

A Munich, Germany, technology firm learned about me from my last book. The program I developed for them was a big one, too big for my one-man shop. So I brought in a local PR firm to handle some of the nuts and bolts, and we were able to put many people on the account. Patti Giglio, founder and owner of PSG Communications in the metro Washington, DC, area, has a small firm that can grow as needed.

“The bottom line is that through strategic alliances I can offer the same services, only better and cheaper, as the big PR firms,” Giglio told me. “In addition, when you hire me — or most any independent — you get my personal experiences and strategic support engaged in the decision-making process. When one hires an independent PR professional, you get personal service from an experienced pro and are never handed over to a junior account manager. I like to say, ‘When you hire me, you get me in a chair.’ Also, in my opinion, it is good to hire independents because independents do a good job or they don’t eat.”

Veteran PR guru Al Croft of Sedona, Arizona, agrees.

“What’s really made it possible for smaller, independent firms to compete with the big ones,” Croft told *PR Week*, “is, of course, technology. With the influx of computers and the Internet in the past two decades, it no longer makes a difference where a firm is located.”

I can attest to that. When I left the big-agency world and moved to Florida as a lone

practitioner, I had more clients from out of state than in Florida.

The story is the same for Sharon Dotson and her Houston-based Bayou City Public Relations firm. She doesn’t go after the companies that earn \$10 billion a year but sets her sights on companies that make \$10 million annually.

“Winning the trust of small companies and getting them to cross the line and do business with me rather than a large, prestigious PR firm is now possible through the miracle of the computer and the Internet,” she told me. “By the way, I never bad-mouth any competitor, big or small. I only talk about the concept of big firms versus small ones.”

The big corporations and government agencies with their million-dollar-plus PR budgets don’t always get it right, according to Linda VandeVrede, who runs her own firm in Scottsdale, Arizona.

“Exxon, Enron, and FEMA had no workable or effective crisis management plan. They ignored the advice they undoubtedly received from their PR staffs and giant agencies. They tried to stonewall with disastrous results.”

How PR Is Billed

Big agencies, for the most part, work on an hourly fee basis, like lawyers, after they estimate how many hours they will put in and what the hourly rate will be of all the people who will be working on the account. Everyone bills his or her time, down to the secretary.

Here’s how one big agency described its budget and fee structure in a proposal to a small startup dot-com company:

“Two months fee calculated at \$40,000/monthly will be required before work will begin. Based on our initial recommendations and early discussions, we project our professional fees will be in the range of \$40,000 monthly. This estimate is based

on our combined professional hours. If the client selects programs and activities that exceed this budget, our professional fees will be higher. Expenses are generally approximately 20% of the annualized fee budget. The level of activity and projections for professional fees and expenses will be provided on a monthly basis for approval.”

The prospective client had a choice: write a check to the big agency for \$80,000 and pray, or go to a smaller, experienced agency at \$3,000 a month and pray. The decision was a no-brainer.

When I worked for the Richard Weiner firm — a highly successful national firm operating only out of a New York office — we billed on a monthly fee basis. If at the end of six months or a year we found we were putting in more time for a client than the fee we were getting would cover, we would renegotiate the fee.

At the Weiner agency, if our profits before taxes were 15-20% of our billings, everyone received bonuses, and champagne flowed at the end of the year. Things changed when the Weiner agency was acquired by the advertising giant BBDO and ultimately merged with Porter Novelli and came under the newly formed Omnicom Group.

Our profits under Omnicom had to reach 25%. If we were falling short, we had to bring in new business or fire people to make the numbers. Omnicom projected its numbers to Wall Street, and all subsidiary companies had to deliver on Omnicom’s projections.

Were our clients better served? I didn’t think so in the early days of Porter Novelli.

The clients who knew me wanted to see me regularly. However, as I was a member of the management team, more and more of my time was devoted to bringing in new business and controlling our expenses, and less was spent on creative work.

Incidentally, Philip Morris was one of my longtime clients at Porter Novelli. When



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we converted to hourly billing, they said they'd had bad results in the past from hourly billing. They told me that for them to continue retaining us, the billing would have to remain on a monthly fee basis. I argued for them, and Porter Novelli and Omnicom management went along. After all, Philip Morris was one of our largest accounts. When I left Porter Novelli, Philip Morris dropped the agency.

Large public relations agencies are like advertising agencies in that they add people to service accounts and lay people off when they lose accounts. Turnover at the margins may look high. But a prospective client ought to know if there is relative stability at the core, among the senior associates and the key creative and research people. If not, why not? Have people resigned, or have they been fired? What happens to the account when a key individual leaves?

Small business owners should note with interest the way in which the pitching agency talks about turnover. Some will be candid: "He quit because he had a better opportunity at Ruder Finn." Others will have a battery of alibis — the person who left was just not cutting it, or whatever. Others may hint at client pressure: "They changed marketing VPs and asked that we shake up the team."

Public relations agencies that seem overly susceptible to client pressure are agencies to beware of. The savvy client wants an agency that will fight to keep a professional in place, in spite of problems, if they are convinced that the professional is right for the job. "Yes persons" who seem to promise that the client will have extensive personnel control are not to be counted on as strong counselors.

After nodding through the usual litany of clients, the prospect should ask about the ones that got away. Since every agency loses clients, the agency must have lost some accounts. How many did it lose in the past year? Who were they? Why did it happen?

These are tough questions. Some PR new-business presenters will try to slide past them, saying that, of course, there is always flux in the business and that it is complicated to find the reasons for partings of the ways, and often the separations have been by mutual agreement, etc., etc. Prospects ought not to be satisfied with agency representatives who merely parrot the words of the innocuous press releases that may have been sent out at the time of the change. Agencies should be willing to admit that they are not perfect and talk about their own share in the responsibility for losing accounts.

All some PR practitioners "learn" from losing an account is that the client was unreasonable. Good PR practitioners should be willing and able to analyze their shortcomings, draw principles from them, and demonstrate how they have translated these principles into action.

More Questions to Ask

Clients should also beware of PR agencies that seem to indicate they will continually be uptight, constantly feeling that they are on the verge of losing the account. The agency that runs scared is as bad as the one that ignores client concerns.

Agencies that censor their lists of lost accounts have something to hide. If they say, "Well, there are a few others," that is a cue for the prospective client to pursue vigorously. Get the names of all the accounts lost, and check with the ones that were held back.

PR media expert Jack O'Dwyer says, "Try to compare the current account lists of the agencies with those of several years ago. See how many clients the firm has been able to keep. Rapid turnover in accounts is not necessarily bad these days because of the increase in project work. However, the agency should be able to show a continuing relationship with a good number of clients."

Some firms, when asked what they will do for the prospect, answer with a generality: "Our objective is to make you number one in your industry." But the discussion of what the PR agency will do for the client should go a lot deeper than slogans or broad promises. An agency that has made a real study of the prospect company should have some definite ideas about how its particular strengths can be harnessed to the benefit of the company.

When asked what they hope to accomplish, PR firms should talk about process, not promises. Public relations by itself cannot make anyone "number one." But the agency can draw the general outline of a good working relationship.

Here is one way the pitching agency might respond to the question:

"We want to become your strategic and tactical arm in the areas of influencing the audiences and markets you want to influence. We also want to be able to influence you, to provide you with input that gives a public relations dimension to the important moves you make."

Can the \$2,000-\$3,000-a-Month Agency Handle Your PR Needs?

Yes and no.

The larger agency obviously has larger expenses in terms of rent, salaries, and particularly high-priced executives, and that's part of what you, the client, are paying for. The smaller agency may have only a few people on the payroll working out of a low-rent office or, like sole practitioner Sharon Dotson, doing the laundry while talking to a client with a wireless headset.

The key question always is who will be doing the actual work on your account. The big-agency new-business pitch will be made by a star-studded lineup, the top — or at least very senior — people in the agency. The make-up of the team that will handle the



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day-to-day affairs of the client is another matter. In handling the question "Who will be working on my business?" agencies are often tempted to use certain standard evasions:

- "I'll be personally keeping an eye on things." (Eye-on is not hands-on.)
- "When you have a question, call and ask for me." (To ask is not necessarily to receive.)
- "Every one of us at the table will be actively involved in your account." (Until the contract is signed.)

Big numbers do not necessarily spell good service. The prospect should concentrate on the one person who will be the captain of the team. One person with brains, common sense, guts, and know-how is better than 10 Ivy League drones.

The small agency may be run by someone with vast experience with big agencies where he or she billed time at \$250 an hour who now works for half of that amount.

Of course, there are plenty of small agency owners out there with business cards that read "public relations" who don't know a darn thing about the craft. Sharon Dotson, like many others, is bothered by poor writing.

"I hate to say it, but my experience with young PR graduates tells me that most of them cannot write well," Dotson told me. "And more disturbing, most do not like to write. Writing is the core competency of good PR, and that's why I believe a foray through the media world as a newspaper reporter or working for a radio or television station can pay big dividends for someone who is serious about PR."

If you're thinking about retaining a small PR firm, check credentials carefully and get some writing samples written especially for you, not boilerplate.

The agency should be forthcoming about who will be working on the account and what they

will be doing. Will your account person be available on call, 24/7, if something breaks in your organization?

The small agency should be able to talk comfortably about where to get additional staff as needed. Large agencies can point to a lot of bodies and say they are right there when needed on a moment's notice. A savvy one-person band, operating out of a cell phone, can get freelancers or moonlighters when necessary, and these people can be as good or a lot better than available staff people in a larger organization.

The agency's professional who is assigned to the account ought to function practically as a member of the client company. When Philip Morris was a client of mine, I was given a picture ID card so I could enter their midtown New York City skyscraper offices at any time of day...and I did many a night and weekend.

If you can't trust your PR person to be part of your company or business, you will be wasting your money by retaining an agency and then keeping them in the dark.

When a client sizes up the person who will be working on the business, it should be, in many respects, like sizing up a potential recruit for a key job. The person can be a young, bright practitioner or a veteran of many PR wars. Age should not be a dominant factor in judging who has been earmarked to handle the business.

The Experience Trap

Picking a PR agency primarily because it has experience in the company's specific industry can be a fatal mistake. This experience can take a number of forms: the agency actually has, or has had, clients in the industry, or the agency produces staff members who can boast of specific experience. Since the idea of a client in the same or a similar business may raise questions of conflict of interest, an agency going after a new account may scour the payroll for people who have toiled in the vineyards occupied by the target company.

If someone with the requisite experience is found, that person is trotted out as an asset.

Such "experience" should be discounted substantially, if not ignored entirely. The client company should be far more interested in getting the services of keen, gifted people rather than those who happen to have already been around a particular track. There can be far more benefits in getting the fresh thinking of a professional who comes with a new slant than in getting the well-worn wisdom of somebody who knows the industry. Good PR practitioners are quick studies. They can learn the relevant essentials of the business in a remarkably short time.

In pitching for new business the public relations agency submits a written proposal of substantial length. Such proposals tend to follow a pattern. They state goals and objectives, give a terse recap of strategies, discuss target audiences, and then spend a lot of space on tactics or the nuts and bolts of implementation. Then there is a fact sheet about the agency.

Too often the new-business proposal becomes cast in concrete. The people putting together the new-business presentation are busy at other jobs, so they save time where they can. One way to save time is by using off-the-shelf material for the bulk of the proposal.

A written proposal that seems truly fresh and innovative and that is truly aimed at the client, without a lot of boilerplate, speaks well for the agency. However, the prospect should not write off an agency just because the proposal seems blah. Many agencies are better than they look in their formal new-business prospectuses.

Agencies should be more original in doing written proposals. Make them shorter, give them visual impact, and shake up the conventional order. Write something other than the pabulum-prose in most such documents. List a few creative ideas. The



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company may not buy into any of the ideas, but at least they will show some creativity. Or maybe they'll take your idea without taking you. That's happened to me in the past, but that's the price you have to pay if you want to compete against the big boys.

If you're doing it yourself, or picking an agency, results take time unless you're hiring them to put out a fire. Don't expect the *New York Times* or *Wall Street Journal* overnight. It can take you or an agency months to come up with results.

If you're the PR practitioner or the client, you shouldn't be satisfied just because a big placement is made.

Jack O'Dwyer says, "PR firms have a tendency to coast after a 'home run' — say a piece in *Fortune* or the first page of the *Wall Street Journal*. There is a tendency for them to say, 'That ought to hold them for a month or two.' But the client should continue to put pressure on the firm...keep feeding them information. Actually, the PR firm should lead the client...be ahead of it."

Make the agency give you a monthly report including time spent on a specific tactic. If you're the PR person, writing a monthly report is a good practice to get into. You should do this even if you are working on a straight fee basis. The client will learn quickly that an effective public relations program takes a lot of time and energy to reach success. Remember that a PR practitioner's job is to sell the media, a much harder sell than selling to customers as advertising agencies do.

Job Hunting

If you're just out of college and want to begin your career in public relations, what size agency should you turn to — big or small?

I believe you can learn more in a small agency if you're reporting to someone well experienced in PR. In the small agency, you're going to be involved in all aspects of the client's business. At a big agency, your day may be spent on one task, such as making telephone pitch calls to the media.

If you get to the big agency, don't let it be a 9-to-5 job. Learn what the other account teams are working on. Take pride in your work. One of my biggest disappointments while at Porter Novelli came after we hit the jackpot for a client with a story in the *New York Times*. I wasn't certain the story was going to run. I lived in Manhattan, and shortly before 11 p.m., I went to the *Times* building to buy a newspaper as it came off the presses. There was my client's story. I was thrilled.

The next day as the account person who worked on the account arrived at work, I asked how she liked the story. Her reply was, "Oh, was it in the *Times*?"

"How sad," I thought. "She hadn't the interest to look to see if the story made it to the *Times*."

After a few years working in a sharp small agency, you can then head for the big time...and bigger dollars. Ultimately, you may

want to end up back in a small agency if you really love the business.

If you're one of the many who have been let go from most daily newspapers in 2005 and 2006, it's a great time to do some PR 101 reading and check out the PR firms in your area. They will be happy to see you if they're smart. With media experience, you should be able to catch on to PR fast and most likely make more money than you did working for a newspaper. And the agency should be happy to have someone on staff with media experience who can write.

One of the key skills one must have to succeed in public relations is writing. Too many PR practitioners today don't know how to write. The Public Relations Foundation of Texas (PRFT) conducted a survey in 2005 and found that both public relations educators and employers of entry-level public relations graduates were concerned that recent graduates lacked the ability to write well.

Jim Haynes, chairman of the PRFT board of trustees, said the survey showed that the most visible and troublesome weakness among recent graduates entering the practice of public relations is poor to mediocre skills.

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