

Vernon C. Schranz Distinguished Lecture in Public Relations
Daniel J Edelman – 2000

50 on 50-Public Relations Past and Future”

You may have wondered about my selection of a title for this talk “—50 on 50—Public Relations Past and Future.” The first 50 is based on the years I have spent personally practicing public relations. I can speak to you about my experience in the field, lessons I’ve learned and can offer you an overview of what we’ve been able to achieve as a profession over this past half century. With regard to the next 50 years, I can only speculate and provide you with personal views on where I think we’re going and how I believe public relations will be positioned in the years in which most of you will be taking active roles in this field.

As most of you know, the foundations for public relations were established in the early part of the last century. You can identify the names of Ed Bernays, John Hill, Ivy Lee and Arthur Page who were among the pioneers. They characterized their work as public relations. Much of the work was done by internal public relations departments but this was also the beginning of outside public relations firms. The field experienced reasonable growth during the twenties and the thirties, the Great Depression notwithstanding. A number of us who returned at the end of the Second World War sparked the great expansion that followed. It happened at a modest pace through the decades from the forties through the eighties. There was a remarkable acceleration in the final decade of the last century. An oft-repeated myth among public relations people is that our origins were as publicists or press agents. The highly respected Judge Learner Hand stated more than half a century ago that he was “enormously disturbed by the growth of professional publicists in our society.” He called publicity “a black art.” But he did note that “it has come to stay” and “every year adds to its potency.”

In a manual on public relations techniques edited by Edward Bernays, it was stated that “many more millions are spent in engineering consent for products that in creating favorable attitudes towards the companies which make them.” It was Bernays who first reached out to the social sciences to seek a grounding for the public relations field that would make it a more intellectually based activity.

These efforts made some contribution in building recognition of our role. But the fact is that the public relations field did not make its presence known with claps of thunder and strikes of lightning, It’s been a steady but sometimes slow and painful process. But at all times in the past five decades it continued to move forward. It’s been an evolutionary process. We established standards of practice step-by-step by the work we did. On a new business call, we had to explain just what the field of public relations would bring to a corporate prospect. It was only after getting through that initial orientation that we could move into a discussion of what our particular firm could contribute.

In reviewing my own career I’m reminded that it would have been incorrect to characterize our activities as being limited to publicity. It was important then and it’s important now. But it’s inaccurate to conclude that was all we did. In my first position in a company making music records, I was in fact a publicity director.

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It was through that job that I got my next opportunity, which in turn provided the base for my career. The Toni Company, soon to become a division of Gillette, was in the business of selling home permanent wave kits and also hair spray, shampoos and other related cosmetic products for women. They sponsored Mel Torme on a 15-minute radio show on NBC. I came up with the idea of designing an album that would hold two records, four sides of Torme's latest recordings. The album was designed to look exactly like the Toni home permanent wave kit. I shipped it to disk jockeys nationwide. It caught their attention. We had a wave of play of these recording with frequent mentions of the singer Mel Torme but also of the Toni Company that had sent them the album.

The success of this publicity effort caught the attention of the late Don Nathanson who was heading advertising at Toni. He introduced me to his bosses, Nieson and Irving Harris. They put me in their public relations firm in New York and soon afterward brought me to Chicago as public relations director of their company. It was there that I first had the opportunity to spread my wings and to lean about the full range of public relations activities and to put it into practice. A primary focus was product publicity, which we carried out through direct contact with newspaper and magazine beauty editors. We worked on corporate reputation. I was able to arrange extensive coverage in Life and Reader's Digest, the two most highly circulated publications at the same time. We had responsibility for employee relations and published a regular newsletter for the office and manufacturing staffs. We fought off efforts by beauticians in some 36 states to ban the home permanent completely or to limit its use to members of your own family. They feared that the home permanent wave would put them out of business. They failed completely in their efforts and they weren't put out of business.

Also, serving as part of your department were two lawyers who handled complaints from women who said they became bald after suing the home permanent. They were actually suffering from a rather infrequent disease called alopecia aeriata. Any woman who experienced that problem and had used the home permanent figured she could get a payment from Toni after alleged damages. We handled complaints as much as possible internally. Legal issues were sent to the insurance company.

I'm telling you that story so that you will appreciate the fact that public relations more than 50 years ago involved government relations, public affairs, legal problems, reputation management, employee relations and many other facets including publicity.

When I started our business in 1952, I took that knowledge and experience mostly to consumer product companies that were based in Chicago. We had the good fortune of growing rapidly. I was able to develop comparable programs including these various dimensions for Sara Lee, RealLemon, Ekco Housewares, Brunswick Bowling and over time many other companies.

In the years that followed, we recognized that we needed to offer our services in other locations outside of Chicago. It was essential to have a New York office. It was at that time and still today is the media headquarters of the world. It became invaluable in providing services to our clients based in Chicago. Beyond that, it provided us with a brand new source of new business opportunities. Further geographic expansion took place in the years that followed. We went to Los Angeles and

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Washington, D.C. By the end of the century we had some 38 offices in our basic company, Edelman Public Relations Worldwide.

I never dreamed that our company would experience such dramatic growth. I take pride in the fact that we've done high quality work that has put us in a position to be considered as a potential resource for companies, trade associates and other institutions.

We've done well. But so have many other public relations firms. And growth has occurred as well in corporate departments and in the public relations units at cultural institution, universities, hospitals and every other part of society.

We've come a long way. There's greater awareness than ever that public relations is essential for the success of a company or any other kind of institution. We're considered an essential service. We've earned respect.

A major development that bridges from the last 50 years into the new century involved globalization. It's now 37 years since we opened an office in London. We've been in Germany for about 30 years. We have offices in key centers in Asia, Canada, Mexico and Europe as well as the United States. There are five or six international public relations firms with offices around the world. The goal is to be able to provide services to multinational clients doing business globally. At the same time, we seek to develop business with domestic companies requiring services within a country but also with foreign multinationals that are interested in being provided with a public relations service in various countries around the world. The process is still underway. It will be many years before the leading public relations firms are representing major companies throughout the world. It came as quite a shock to read in PR Week several weeks ago that not one of the 10 major multinationals acknowledges having an "agency of record." This will clearly happen in due time. Meanwhile, these same companies are mostly calling on the assistance of several public relations firms to meet their needs in selected markets around the world.

An important aspect of the development of public relations firms, especially during the past 10 or 15 years, has been the move toward practice areas. In our larger offices we have group heads directing our work in such specialty fields as reputation management, crisis preparation and response, events, interactive media, financial and investor relations, consumer marketing public relations and public affairs and government relations. These practice groups intersect with our focus on different industries including business-to-business, consumer, financial services, healthcare and technology. The move toward specialization has been growing rapidly. Initially, most people coming into public relations were expected to be generalists. That's still needed in smaller offices. But it's clear that there'll be further development of these specialties as well. We're beginning to see that already. For example, it was enough until very recently to have experience and a proven record success in the health area. But I've now seen requests from potential clients for a team that has know-how and a past history on particular medial areas, which might include heart and blood pressure, prostate cancer or mental health.

Vernon C. Schranz Distinguished Lecture in Public Relations
Daniel J Edelman – 2000

Technology has been the major new force in our industry starting 10 years ago or more. That will only become increasingly important as we move forward into the next 50 years. Larger public relations firms have greatly expanded their capabilities in the technology area. An increasing part of their total revenues is derived from clients in telecommunications, new media, personal computers and the Internet. At the same time, public relations firms have made huge investments in equipping their staffs with all of the technological tools enabling them to adapt to the 24-hour day seven days a week environment—with laptops, cell phones, pagers and the rest.

A few weeks ago the New York Times reported on the work of the Edelman Interactive Solutions group. The article cited our announcement through 10,000 e-mail messages that “a hot new chip” was coming on the market. We directed people to a temporary website www.newchip.com. The site offered vague promises and announced that the new chip would go public on May 1. There were teaser messages in various online discussion groups dedicated to technology stocks. When the site opened, 75,000 people visited in the first 48 hours. They learned the chip in question was the kind used for dipping. It was a new tortilla chip from Taco Bell. A huge amount of media attention followed when the TV Chihuahua was on the floor of the New York Stock Exchange ringing the opening bell.

The same article pointed out the way in which the Internet was used in behalf of our client Odwalla, a regional West Coast fruit juice company. They’d produced apple juice containing e.coli bacteria, which was linked to the death of a young girl in Colorado and to the illness suffered by at least 70 other people in various states. Within a short period of time, we were able to put up a website that provided complete information about the situation, emphasizing the fact that the product was being recalled. Visitors were encouraged to ask questions of our website as well as the websites for the Center for Disease Control and Prevention and the Food & Drug Administration. This small company pleaded guilty to violating Federal food safety laws. They began to pasteurize their product and brought in experts to overhaul safety systems. Senior officers of the company felt that our quick work in getting out the word and reassuring customers enabled them to survive the crisis and continue in business.

We realized at that time that the web was an essential vehicle in crisis management. We have since set up “dark sites” for our clients, which serve as placeholders on the web. There’s already basic information there about the company and its products. If trouble arises; the site can be ready to go in two hours.

Of course, our Interactive unit is also playing an important role as a marketing tool. A program for the Advantage flea control product from Bayer Corporation is designed to reach pet enthusiasts with information on pet care. There’s also a section for veterinarians. As managers of the site, our people send out periodic e-mail messages reminding visitors to reapply flea control treatment.

There’s no question in our minds that the Internet is going to be a weapon that will enable marketers to look to public relations more and advertising less as the best way to communicate their message and establish two-way communications with customers. We’re taking more of the Internet marketing

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Daniel J Edelman – 2000

turf already. As on-line content creators we're getting a larger share of these assignments than is usually the case in marketing budgets for public relations compared to advertising.

Another development which emerged in the eighties and became much more significant in the nineties involves training of our staffs. We do it through out Knowledge Channel. We have regular meetings of practice specialists. We require each employee to complete 24 credit hours per year of courses taught in-house, on-line or via the internet. Several years ago we started an annual Summer School at a university. About 250 of our people from offices around the world have participated in these training programs at Trinity College in Dublin in the first year and at La Sorbonne in Paris this past summer.

We feel it's our responsibility to do everything possible to assure seamless quality of service through every office around the world. We have to bring in qualified people who we feel confident will handle the job effectively and be able to grow into increasingly important position in the company. They in turn have to learn over time how to recruit staff to work with them and how to supervise and delegate responsibility.

I am a staunch advocate of the term "public relations." I can't think of any way that better describes what we do. When you move out into the field and attend a business meeting or social event, people are going to ask you what you do. Just like a lawyer, an accountant or a doctor, you'll respond: "I'm in public relations."

We have the Public Relations Society of America, the International Public Relations Association and the Public Relations Seminar. But over the year, practitioners have been abandoning the term public relations to describe their work and have moved into all sorts of less adequate descriptions such as communications or public affairs. Public relations encompasses as a wide range of activities. In calling ourselves public relations people, we emphasize that we relate to various publics. We provide a bridge between a company or other institutions and their many audiences. We listened; we evaluate what we hear and learn about attitudes toward our clients. Then we counsel and recommend steps that should be taken to improve a company's public positions.

As the past century came to a close, we were in a stronger position than ever in reaching beyond doing communications, to recommending what should be communicated and now more than ever being brought into the Board Room to recommend what should be done about a particular corporate problem or opportunity. One of our senior executives told me just a few days ago that he had been involved in a client meeting for a full day in which the subject was "strategy." We have worked for half a century to reach this point. We were not taken seriously as we would have liked. We've closed that gap. Now we must avoid over-stating our qualifications.

At the recent Public Relations Congress in Chicago, I actually saw a badge on which the person was identified as "Thought Leader." I had a discussion with an entrepreneur who told me that he's now involved in management consulting. He said he would know he's in the wrong place if he saw that our firm was competing with him for a given assignment. Yet he was participating in the annual public relations conference jointly sponsored by PRSA and IPRA. What was he doing there?

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As you move into position in the public relations field, establish your own ore of practice based on personal ethics and morality and reinforced by the organization in which you'll be working. I urge you to bear in mind that the role of public relations is to communicate the truth. We tell it like it is. We respond immediately, totally and accurately. We avoid unacceptable phrases such as "no comment." "The people with that information aren't available" or that overused and dreadful response to the media: "It's our policy not to respond to rumors." Bear in mind we're not "hidden persuaders;" we don't communicate "subliminally;" we're not delivering "hype;" and we don't engage in "whitewash." Above all, we're not involved in "spin." Let's leave that to the people who have that responsibility in politics as they did in the months leading up to the elections a couple of days ago.

It's our responsibility to combat the oft-used pejorative expression: "That's just PR." Our job is to reach audiences with a story that's based on the true image. We can emphasize it. We can find a better way of getting out the story. We can use creativity to gain attention. But what we communicate can't be made up out of "whole cloth." It must be a reflection totally and honestly of the product or service which we're representing.

An important aspect of this commitment to honest communications is to foreswear use of "front organizations." We must avoid making up names suggesting that we're representing a citizens group or some kind of consumer group when in fact our work is being carried out in behalf of an industry trade association or a company. We must always be committed to disclosing the source. It's dishonest not to do so. If we try to hide behind a fake title or organization it will often boomerang. The risk/reward ratio is not positive.

As you know, our firm is the sole independent amount he top 10 in the field. We're always considering alternatives. But we've remained independent primarily because we didn't feel we'd be comfortable under the aegis of a large advertising agency conglomerate. Our response has been to restructure our organization so that it's what we are calling "PR-centric." At the top is our holding company, Daniel J, Edelman, Inc. There are two operating public relations firms, Edelman Public Relations Worldwide and PR21. Other major units include Blue, a grassroots advocacy advertising agency that we acquired recently; Strategy One, a research and measurement company and our Interactive operation.

While we're growing the operation horizontally through those five units, there's also a strategy of further developing vertically. We're including in public relations programs special events, sports sponsorships, contest and other activities that enable our clients to move closer to their customers. In this context, I was very interested in reviewing the text of a speech made at the recent Association of National Advertisers meeting by A.G. Laffley, recently appointed CEO of Proctor & Gamble (P & G). He focused on the importance of finding ways of bringing brands closer to the consumer. He used three examples of brand programs underway currently at p & g. In every case, these programs featured public relations activities.

Vernon C. Schranz Distinguished Lecture in Public Relations
Daniel J Edelman – 2000

Our firm does a good deal of work for P & G. I don't think Mr. Laffley is suggesting this large consumer product company is going to give up advertising. But like many others, they're seeking new ways to reach the consumer one-on-one and in a more personal way than depending on network advertising. He and other marketing leaders recognize that you can't any longer depend on three big networks to reach your target audience. There are hundreds of alternatives nationally and locally. A savvy consumer product company needs new ways of reaching its audience. More and more that will be accomplished through public relations.

I've lived through a difficult, demanding, but gratifying half-century in which public relations has reached levels of achievement, respect and recognition that I never dreamed would be possible. Public relations is now seen as an essential professional service. No company can do without it. We're providing counsel as well as communication services. We're a hot property. That's why large ad groups are moving to pay such extravagant sums to take over the largest agencies and mid-size agencies with special practice strengths. It's important for us to be mindful of the progress we've made. It will be your responsibility over the next 5 years to take the field to even greater levels of achievement I submit that "the best is yet." Many of you who are students today will serve as the leaders in the next generation of public relations executives.

I spoke at the recent Public Relations World Congress 2000 that took place in Chicago. One of my sessions involved a dialogue with one of the industry's leaders, Betsy Plank, who as you knew presented this lecture some years ago. It was called a dialogue but was in effect an interview like the "Larry King Show." At the end there was a question period and one young woman asked what she would have to do to succeed in public relations. My response was that it's essential that you commit to continuing education. Be informed on societal developments. You have read the trade publications. Keep up with business developments through business media and stay current with the news. Attend lectures and seminars. I said that just as in the case of doctors, it's essential to be knowledgeable on new practice developments. My next point was that you have to be prepared to work hard. I think that's true of every line of work but certainly that's the case in public relations. You can always do more. You'll always go home leaving things on your desk you'd like to have finished. You can only succeed if you're willing to put in time and effort and make good use of your time.

Finally, I said that it's critical to be "collegial." I pointed out that if you're finished with your work, you certainly wouldn't turn to a crossword puzzle in the morning newspaper. Look around to see if you can help somebody else who might be going through a client crisis. Give them a hand. Don't be selfish. Share your ideas and your time. You'll be repaid by those you help by their assistance when you're under pressure. But the world also will get around and it will help in enabling you to gain greater responsibility at your company.

You are the future. I'm greatly impressed with the higher quality of young men and women coming into the public relations field. You're better educated, more talented, better prepared and more committed to becoming a successful public relations executive. The field will continue to grow. You will gain personal satisfaction in building your career in this challenging and diversified work. And you will gain gratifying financial rewards.