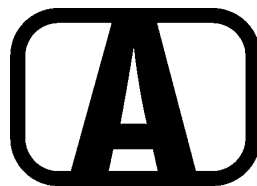


I N S I D E T H E M I N D S

INSIDE THE MINDS: PR Visionaries

*Leading PR Experts Reveal the Golden Rules of
Public Relations and Becoming a Senior Level
Partner With Your Clients*



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PR VISIONARIES

***THE IMPACT OF
HIGH-TECHNOLOGY
PUBLIC RELATIONS***

STEVE SCHWARTZ
Schwartz Communications
President

INSIDE THE MINDS

High-Technology and Healthcare Public Relations: Innovation Demands Marketing

Two decades ago it wasn't at all common to see feature stories on small companies in big-time media. Today it is not unusual for conceptual announcements by our high-tech and healthcare clients to attract more media attention than announcements of giant orders by multinationals. Against all odds we have succeeded in leveling the playing field so smaller companies can have equal, democratic access to powerful markets through these media. In doing so we have helped our clients transform the post-industrial landscape. Helping to jumpstart these little companies, and helping them to create thousands of new jobs, has been an important part of America's engine of growth.

The infrastructure of U.S. marketing and media has become the envy of emerging companies all over the world. High-tech PR's power to accelerate speed-to-market for entrepreneurial innovation has enormous implications for the future. As we are increasingly confronted worldwide by staggering new challenges in terrorism, disease, hunger, and the environment, it may be the nimble and inventive

PR VISIONARIES

entrepreneurial venture that delivers the most meaningful and rapid response.

The key to achieving these gains is democratic access. We have generally represented the challenger, up against either entrenched competition or old ways of doing things. So the role of PR has been to stir up these markets and to provide equal access for our companies to the media and thereby to markets. High-tech public relations has played an important role in terms of providing democratic access for our clients to media and markets. Public relations has had a major role in helping small companies become big companies, helping start-up companies become bigger and create the job growth and pioneering technologies for which America is justly famous.

In high-technology industries, public relations has a bigger piece of the marketing pie than public relations in some other venues. PR is important in Hollywood, it is a mainline activity there; but it is also a mainline activity in high-tech areas. One of the reasons for this is that editorial coverage of technical products is more credible than advertising, and that is why over the past decade we have seen more and more marketing resources move out of

INSIDE THE MINDS

advertising and into public relations. Technology products also are often complex and better explained in the more lengthy editorial space of a publication than in the space of an ad. Technology purchases are not impulse buys—they are more strongly influenced by editorial coverage, product reviews, and positive customer references.

While technology purchases are partially influenced by emotion, the performance characteristics of the product or service are typically the most dominant considerations. An editorial format conveys this information far more credibly than advertising. It is far more important for a high-tech product than, say, a laundry detergent, to receive a positive evaluation from a credible reviewer. Similarly, it is more important for a high-tech product to be validated by a customer case study in a credible trade publication. These factors make PR the most important subspecies of marketing for technology companies. Whereas public relations might not be the most important component of a packaged-goods campaign, PR is often the core of marketing for high-tech companies.

Having said that high-tech buys are largely performance-based, it's also important to point out that, typically, virtue

PR VISIONARIES

is not its own reward in high-tech. Which is to say that if you build a better mouse trap, that may not be enough to get people to buy it. Potential customers have to know about it first, hear about it over and over again, learn of the experiences of others who've tried it out. That's where PR comes in.

Companies with technical founders are often frustrated by the amount of marketing it takes to cut through the clutter, to get the word out on the new mouse trap. More seasoned CEOs understand the sheer volume of work involved and push the high-octane button on PR, because they have been there before and realize the cost-effectiveness of, and indeed the necessity of, the PR effort to their company's success.

On the other hand, companies that cut back on PR in tough times often put themselves into a death spiral because they make the fundamentally false assumption that their competitors are doing the same thing. Often they are not, and their competitors that do not cut back will gain market share at their expense and thus the rout begins. High-tech industry veterans will look to gain share in an environment in which their competitors cut back on PR.

INSIDE THE MINDS

Making a Campaign Come to Life

To make a high-tech PR campaign come to life, one must first understand the client's business goals and strategies. Goal number one is making sure that the communications goals and strategy mesh perfectly with the overall business goals and strategy. All communications strategies and tactics must totally support and harmonize with the business goals.

Once the various goals and strategic approach are understood, one must develop positioning that effectively differentiates the client vis-à-vis its competitors. This positioning must be tested and then, if necessary, refined. Once the positioning process is completed, the success of the campaign rests entirely with powerful execution. In my opinion, many PR firms often take a far too academic and labored approach to the initial strategy and positioning process. The lightning pace of technology markets do not permit such a leisurely approach. As has been said by others, in this world, strategic plans can be obsolete by lunch.

PR VISIONARIES

Our clients typically perceive themselves to be in a race. They must be very flexible and willing to change even their most fundamental, “sacred cow” assumptions quickly. Execution is as important as strategy. Often people get fixated on strategy but are then far less attentive to execution, thereby losing the momentum and effectiveness of the campaign. You have to do both strategy and execution with excellence to be successful.

We measure the success of a campaign in a number of ways, with a priority placed on tangible business impact. One criterion is revenue growth. If public relations is successful, it will generate leads, and it will generate marketing support to help close those leads. The second criterion is valuation.

Increases in sales growth and valuation are the two most vital points of measure, but there are other metrics, too. Consider the importance of recruiting key people in an environment in which intellectual property is the most prized asset of all. Despite the inevitable fluctuations in employment demand during fickle economic times, the competition for the very best managers and best technical people will always be intense. Because successful public

INSIDE THE MINDS

relations generates a sense of excitement about a company, recruiting and retaining top talent becomes that much easier. By casting a broad swath of awareness and buzz, successful public relations will also help a company more rapidly attract new marketing partners.

Last but not least is the positive impact that successful PR has on internal company morale. If you can help a client tell his story on “Good Morning America,” or in *The New York Times*, or *The Wall Street Journal*, or *Fortune* magazine, it can boost employee spirit and productivity.

Relationships With Clients

Our clients are characterized by their entrepreneurial spirit and innovation. We find these qualities in both entrepreneurial units of large corporations and small, innovative emerging-technology companies. The smallest companies tend not to have large marketing operations. So when they engage us, we become an extension of their marketing department and, as such, part of the client’s family. It’s important (and fun) to establish cultural affinity with one’s clients. This can take many different forms,

PR VISIONARIES

whether it be socializing in a non-work environment or collaborating on a pro-bono initiative reflecting shared values. We share a culture of entrepreneurship with our clients and typically only work with companies with which we feel this kind of cultural affinity, because we know that it is the key basis for a long-term relationship.

To turn it around, if I were a client seeking a PR agency, I would first look at the integrity of the organization. You are going to entrust your corporate jewels to this organization, so you want to deal first with a company that has enormous integrity, that will tell you the truth. In PR it is easy in the short term to say yes to the client, even if you are not 100 percent sure of the wisdom of the client's request or decision. But over the long term, you serve your client much better if you are candid with him, and if you do disagree, to be forthright in challenging the particular direction that the client wants to go. So I would look for integrity and candor. I would also look for an agency that is fun to work with, because you are going to be spending a lot of hours with these folks, and if it is not fun then it is not likely to be productive. And most important, I would look for an agency that is going to be maniacally focused on helping me be successful.

INSIDE THE MINDS

Succeeding in Public Relations and in Business

I believe that successful business leaders are generally optimistic. I went to an *Inc.* 500 conference, and I had never seen so many wide-eyed optimists in my life. There is a climber named Jim Bridwell who has a saying: “Doubt is the enemy of success.” If you are sure, people will follow. It is all in your perspective. For example, I remember one week when we lost five employees, and all of my senior managers were upset. But my wife (our cofounder) and I had a different perspective. We didn’t worry that we were now down to 150 employees, instead we thought: “Wow, we have 150 more employees than we had eight years ago!” So, a difference in perspective.

There is a concept among some people that a business can be on cruise control for a while. I think that is an erroneous notion. Companies require constant attention and adjustment. It is more like flying a helicopter than a plane. You can take your hands off the wheel of a plane for a while, but you can’t take your hands off the stick of a helicopter for more than a few seconds before it starts gyrating out of control. By “constant attention and adjustment” I mean that you have to sweat the details. You

PR VISIONARIES

have to delegate, but you also have to be willing to get into the details and understand what is really going on in the organization. Some of the most successful of our clients are those that have been willing to make frequent adjustments to their organizations.

To be successful in business one has to know how to pace an organization. You have to know when to put the pressure on and when to cut some slack. This is intuitive—you can't learn this art in business school. But it is a characteristic of a successful CEO: that he or she understands how to set the appropriate pace of the company.

You need to have a strong division of labor among your senior executives. In marketing this is crucial. Sometimes we'll start work for a client with uncertainty about who makes the real marketing decisions. Is it the vice president of marketing, the CEO, or someone totally different? Marketing not only decides pricing and promotion, but the shape of the entire product or service offering to meet the needs of the customer. If you do not know who has the power and authority, and who is finally charged with that responsibility, you have a good chance of stalling out in

INSIDE THE MINDS

marketing terms. So a clear division of labor among senior people in an organization is something we look for in our clients. If we do not see that, we are not shy about letting the client know that perhaps there should be a little more clarity in the division of labor.

Successful companies know what they want to do and stick to it. For example, when my wife and I started our PR agency, we knew exactly what we wanted to do. One thing we knew was that we were not interested in creating jobs for ourselves. A lot of people, when they start consultancies, are really looking to create jobs for themselves. We had no interest in that. We wanted to create a significant entity, a significant company. Our first goal was to be the biggest agency in New England. We achieved the goal of being the largest independent PR agency in New England in fairly short order—it didn't take many years for us to do that. But it was always our goal to create a significant organization, and we knew how we wanted to do it, the kind of clients we wanted to focus on, and the approach we wanted to take that would be most effective and set us apart from the pack. We look for clients that can clearly articulate what they want to do, and give us the sense they want to stick to it.

PR VISIONARIES

I believe in over-investing in people early, a business principle I learned from my mentor, GE's Jack Welch, for whom I was a speechwriter. People are the most important decision you ever make—hiring the right people and putting them in the right place. In our company, when we were very small, we hired people that, a CFO would say, we couldn't afford. We hired them way before we could afford them, way before the business could justify their salaries. But I firmly believe in the strategy of over-investing in people early; getting the best possible people regardless of the cost, and giving them room to run with their ideas. I believe in doing this regardless of the state of the economy.

Succeeding in PR as an Individual

Being successful in public relations calls for an unusual mix of qualities, qualities that do not normally cohere in the same person. For example, at the same time that you have to be very diplomatic, you also have to be aggressive. You have to be diplomatic with your clients so you can win clients and keep them; but to be successful in terms of doing good work for your clients, you have to be

INSIDE THE MINDS

aggressive to get the attention of the influencers and make your case. As we go out and hire people, it is always a challenge to find these kinds of qualities. You have to be both left-brained and right-brained. It is not enough to be a persuasive person; you also have to be able to understand a technology before you can translate it into terms that are meaningful to larger audiences.

You also have to understand the daily marketplace of ideas. Journalists are typically deluged on any given day with dozens if not hundreds of potential story ideas. You have to get the attention of this person and, to break through this kind of clutter you have to be aggressive. It helps to be brilliant as well. It also takes a certain amount of persistence. There is an old saying that 80 percent of sales come after at least five phone calls. So you have to be a tenacious kind of person, and you have to have a thick skin because you are going to face a lot of rejection just by virtue of the numbers. Because these combined qualities are so rare, even in the worst of times there has been a shortage of really good public relations people.

You have to be enormously curious about the world. You have to be constantly reading and opening your eyes to new

PR VISIONARIES

developments in many fields way beyond your own. If you are doing a lot of reading in a variety of fields, you begin to see linkages between one of your clients and something else in the world. Or you may see linkages you hadn't seen before between Client A and Client C. So therefore it is important for PR people to be voracious readers and consumers of culture at all levels. The next "big idea" can come from an infinite number of sources.

You need to be a good writer, and you need to be persuasive on the phone, but in high-tech PR you can't be technophobic. One must be willing and eager to drill down into technologies, and these are very often technologies that are startlingly new—there are no textbooks that you can go to that explain them. You have to ferret out the most critical information from your clients, many of whom are not trained to "dumb it down" for mere mortals. It is often challenging to distill key interpretive information from technical people, and then synthesize it into an interesting theme that can be persuasively conveyed on the telephone or in writing. There are not many people who can do that.

INSIDE THE MINDS

Changes in Public Relations

Public relations is more important than it used to be, because there is a perception that the world today is more media-driven than it used to be. People are virtually inundated by media, 24 hours a day, in every conceivable environment. News cycles are contracting. How to ensure that our clients get the most favorable possible exposure and fairest possible hearing in this media onslaught is the most important challenge for PR.

While there has been an explosion of media outlets in the past decade, there is also far more competition, because there are more entities seeking entree to the media, and many more organizations vying for finite media access. This fierce competition is testimony to the power and perceived value of positive media exposure.

We are increasingly seeing the institutionalization of public relations in organizations of every size and description. Universities that a decade ago would never think of “marketing” themselves are now finding themselves in much more competitive environments, and are paying careful attention to how they are positioned and how they

PR VISIONARIES

are perceived by the world around them. I think that public relations is going to play an increasingly central role, not only in business but also in the upper echelons in organizations of all kinds.

I am upbeat on the future of high-tech PR and medical-tech PR. We are seeing an exciting swirl of new technologies, from nanotechnology to robotics and genomics. Within the span of a few weeks, Bell Labs announced that it had developed a molecule-sized transistor and, proving that innovation comes in surprising packages, the world saw the introduction of a startlingly new scooter. The most exciting period for high-tech is clearly ahead of us. Like innovations present and past, the dreams and concepts of our technology entrepreneurs will continue to provide the most exciting fuel for the future of high-tech and medical-tech PR.

We are also going to see more businesses driven by core values. There was a time when it was fashionable for corporations to proclaim their core values on wall plaques and Web sites. That trend subsided. But I think we are going to see a return to this and in a more meaningful way. People are reassessing what they are doing, and the results

INSIDE THE MINDS

of what they are doing in terms of social good. One of the things that businesses do is create jobs, and that is a social good. More and more businesses are going to look at the mix of social goods they provide. I believe we are going to see a fundamental return to more value-driven entities. Public relations will have a big role to play here. Not just to help companies define and create impressions of a brand, but to help organizations identify their essence and articulate values that reflect that essence. Public relations will help organizations share these values throughout the landscape of their internal and external constituencies, reinforcing the strength of all of these relationships.

The changes I would like to see in public relations are coming. An increasing diversity of professional services organizations will offer public relations services. Some large management consulting firms now weigh in on communications strategy issues. I welcome these new entrants, because I believe it will reinvigorate our field and make it more exciting. Ours is still a young and dynamic profession that will see new infusions of talent and perspective from fields as far-flung as law, theology, medicine, linguistics, psychology, and of course, politics.

PR VISIONARIES

Conversely, we will see more PR people entering the realm of general management. We are going to see movement back and forth, because more and more PR people are already involved in the thick of general management issues. In fact, over the next decade or two I expect to see more people with public relations backgrounds becoming CEOs of large corporations. In an increasingly interdependent world dwarfed by the immediacy of electronic communications and the Internet, public relations will help successfully guide organizations into a future filled with uncertainty and enormous opportunity.

Steve Schwartz is the president of Schwartz Communications Inc., one of the nation's leading public relations agencies specializing in high-technology and healthcare. Mr. Schwartz cofounded Schwartz Communications in 1990 with his wife, Paula Mae Schwartz, who serves as chief operating officer. Schwartz Communications was on the Inc. 500 list of America's fastest-growing private companies for three years.

Prior to launching Schwartz Communications, Mr. Schwartz had been the speechwriter for General Electric's

INSIDE THE MINDS

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Mr. Schwartz is a Phi Beta Kappa, magna cum laude graduate of Bowdoin College and holds an M.F.A. from Columbia University's School of the Arts (Writing Division). He is a Trustee of Bowdoin College.

An avid outdoorsman, he serves on the Board of Directors of the Appalachian Mountain Club (AMC).



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