

Decisions in Outsourcing

Public Relations

Choosing the right type of agency for today's business climate

By Airfoil Public Relations

Detroit, Michigan





Decisions in Outsourcing Public Relations

Choosing the right type of agency for today's business climate

As the economic recovery in corporate America gathers steam, many businesses are finding significant advantages in outsourcing part or all of their public relations efforts to agencies, gaining the benefits of dedicated professional expertise in the full array of PR activities without the considerably higher costs associated with expanding their staffs.

With many corporations playing catch-up in their communications efforts, now that improved economic conditions are loosening—if not completely freeing up—PR budgets, they are finding that a single in-house public relations person often does not have the time or resources available to fully leverage PR opportunities. They are realizing, as well, that in-house staff also rarely have the relationships or daily contacts with key reporters that an agency does, especially with national media. Agencies are being valued for the scope of their skills and capabilities. So agencies are being given greater consideration as businesses learn to operate in smarter, more flexible ways.

Lisa Vallee-Smith, chief executive officer of Airfoil Public Relations, points out that a one-person in-house PR department rarely has the infrastructure of media databases, research services and other tools that are maintained and called upon every day by outside agencies. Nor does an individual practitioner have “the collective intellect and knowledge of an agency or the ability to connect with 21 brains as opposed to one.”

Executives of corporations that have invested in agency relationships often confirm that viewpoint.

Jody Meehan, director of marketing for CareTech Solutions, a prominent information-technology and health-information management outsourcing provider for hospitals and health systems, finds a number of advantages in outsourcing to a PR firm. She said that, with her outside agency, “We get a full spectrum of services, which might not have been the case by bringing in one professional—plus a whole team of people we can rely on with multiple skills and multiple services. They have the relationships with the media that we’ve never had access to before.”

Janita Gaulzetti, director of marketing for Fry, Inc., a major Web site developer, e-commerce integrator and managed-services provider, called on its technology-oriented PR agency to help build the company’s national media relationships and exposure to industry analysts. For an in-house person, she said, “the constraints of a 40-to-50-hour work week make trying to build a national presence overwhelming. The agency has better national media relationships.” Now Fry is getting calls from major national publications, she said, “that wouldn’t have found us a couple years ago.” She said the outside agency “can get a call returned from the New York Times; I can’t.” Gaulzetti added that an agency “is on the phone all day with technology writers and monitoring editorial calendars on behalf of multiple clients. It’s more efficient than my trying to do it all day for one company. There’s an economy of scale.”

Over the past year, eBay, the global online marketplace, sought an agency for its eBay Motors unit that understood both technology

and the automotive press and marketplace, a combination of experience and contacts across industries that could be difficult to place in-house. eBay Senior Manager of Corporate Communications Shannon Stubo valued the experience of a firm with a center of activity in Detroit because the agency's professional staff "had a really strong competency in knowing the Detroit media, and they are critical to us because of our automotive business. They understood our need to build credibility with that industry."

Airfoil President Janet Tyler acknowledged that experience in specialized industry sectors and contacts cultivated with reporters in those sectors on behalf of multiple clients can provide an agency a significant advantage over in-house staffing or competitor firms. "Who you know, however, is secondary to what you know," she stated. "A sophisticated understanding of the news business, of how PR can sway a marketplace and of the roles that PR can play in a client's operations are essential. With strong skills in these areas, an agency that has had little past exposure to a particular business arena can relatively quickly build contacts and a strong presence for its clients in trade and daily media. Existing relationships provide an important edge, but the innate creativity and advanced skills of the best PR professionals are even more vital factors."

Language and Learning Curves

When searching for an outside agency, companies today are trending toward specialty firms or generalist firms with specialized units because they are finding it important to hire a PR firm that speaks their language—and that of specialized news reporters—to avoid a long learning curve and because of the economies gained from the agency's resources, including subscriptions to research services and media services, and internal investments in research and production.

The potential language barrier is most apparent in the technology arena but applies to any specialty where terms and lingo can be a puzzle to the uninitiated. Meehan from CareTech

Solutions initially used a firm that did not specialize in technology and said, "It was apparent the technology learning curve for them was steep, and we had a hard time getting them to understand our business and communicate effectively." The agency she ultimately hired was a technology-focused firm that "understood our industry, caught on quickly to our business and was able to communicate effectively right away."

Likewise, in searching for a firm to handle its e-commerce-related public relations, Fry, Inc. considered firms that specialized in retailing. Gaulzetti reported, however, "It was apparent these guys did not speak e-commerce, did not know how to speak about Web sites. The learning curve would have been enormous."

And eBay's Stubo noted the firm with a Detroit presence that she hired "knew the language we should use with automotives—we are in California and never could have put together a plan like they did."

Vallee-Smith also suggested that, when working with an outside PR firm, clients ensure that their information systems are compatible and can "speak" to each other efficiently. To this end, many agencies have developed client portals to manage communication and projects effectively with clients in real time. Additionally, Vallee-Smith suggests that client companies should be aware of how their agency uses technology to communicate with journalists and other audiences. "The agency often has determined how individual reporters prefer to receive information—how they like an e-mail prepared so the subject is clear, their protocol for attachments and other technical issues that are constantly changing. Moreover, an agency will invest in certain technology tools to support communications—media database services, LexisNexis, media monitoring services—and get better rates than a client company could. Sometimes the client is not charged at all for the account team's access to these services."

Boutique or Broad-Based?

In addition to the choice of outsourcing versus holding PR in-house, corporations must determine if they hire a generalist firm or a specialist (boutique) agency. They are making those decisions by judging each agency's success with news media, examining their depth of understanding and the amount of knowledgeable backup support they offer, and other qualifications.

Airfoil Public Relations CEO and Co-founder Lisa Vallee-Smith suggests you consider these factors to help you make the decision:

- 1.** Will you be outsourcing your entire PR effort or only specialized portions of it? You may elect to continue to manage the basic public relations program in-house but outsource specialized functions, such as a speakers bureau or training, or portions which a PR firm is better equipped to handle, such as national media relations or event planning. This choice impacts your budget, the human resources required, and the amount of time you will spend managing the program from the client side.
- 2.** Look at the range of products and services that you, the client, offer to determine which and how many are targeted to specialized consumers, specialized media and specialized suppliers. Then evaluate the experience and contacts of the PR agencies you are considering in reaching these audiences. Ask for results these firms have produced in the specialized arenas in which you operate.
- 3.** Specifically, evaluate the success each agency has had with the specialized media covering your industry or company. Since the trade media, along with the beat reporters and editors who are assigned to your industry in the daily press, determine much of what your customers read and hear about your company, the agency's experience and track record with these key media can be a good indicator of their chances for success with your media relations program.
- 4.** Look at the agencies' fees and rates to determine their affordability. Will the budget you have available give you access to the most knowledgeable and appropriate people and services in the agency? Are the rates for specialists within the firm and the fees for specialized services in line with rates for other resources in the agency and in line with your available budget?
- 5.** How much backup support will your program need, and how deep are the account teams offered by the agencies? If your program is going to be labor intensive, with a number of large events, for example, or many simultaneous activities carried out on short timelines, you want to be sure the agency has the human resources available to meet your needs.
- 6.** How many members of your agency account team will understand the specialized nature and needs of your business, and how many will simply carry out generalized PR functions? If your primary account person goes on vacation or must tend to another account for an extended period, are other team members available who thoroughly understand your PR program, your company, your objectives and your activities?
- 7.** What infrastructure (such as subscriptions to industry services, special computer applications, or special computer hardware) do the agencies you're considering have in place to meet your specialized needs? The nature of your public relations program will determine the special resources you require of your agency, ranging anywhere from database programs or access to industry analyst reports to graphic design and customer relationship management tools. Ask the agency how it passes the costs of these resources on to its clients. Often a specialty firm will have several clients requiring the same resources and will apportion the cost among them or may not charge at all if the tool is a basic resource

for the agency. On the other hand, another firm may mark up the cost of specialized resources to its clients.

8. How important will the size, nature and reputation of your account be to the agencies you are considering? Ask how large a client you will be in your agency's roster and/or within the practice group to which your account will be assigned. This may give you an indication of how important your account will be to the firm and how much attention it will receive. Ask the agency why it wants your business. Is it trying to break into a new industry category in which it has little previous experience, or is it seeking to expand on past successes in your industry?

9. Determine if you use specialized language and terms as the primary form of communication with your principal audiences and how familiar the agency staff members are with your language. While this may not be a critical factor, it is important that your agency account team be comfortable communicating with you and that they demonstrate leadership in your meetings and day-to-day communications, rather than constantly be "catching up" with evolving terminology that could lead to misinterpretation in materials that the agency prepares if language is not clearly understood.

10. With which agency do your executives and in-house communications personnel have the best chemistry? You likely will communicate every day in some form with your account team. You should feel at ease with your team and should have confidence in your team members' abilities and in the way they represent your company.

By thoroughly considering their communications needs and carefully determining the type of agency that provides the best fit with their organizations, companies operating in today's cautious marketplace often gain a return on investment far beyond that which they anticipated when they outsourced their public relations programs. Success in public relations today is being measured not only by the results stemming from the direct efforts of corporate PR executives, but by their prudent use of outside agencies to gain leverage and depth that multiply those results in the form of increased sales and enhanced brand status.

Resources on Public Relations Firms

Council of Public Relations Firms

www.prfirms.org/resources/research/

Studies on trends in public relations, guidelines and advice on how to hire PR firms and measure their results.

Public Relations Society of America

http://prsa.org/_Resources/main/

Access to articles and books on a wide array of topics relating to public relations, available to members or for purchase by non-members.

O'Dwyer's PR/Marketing Communications

www.odwyerpr.com

Information on hiring a PR firm and commentary on the PR industry, for subscribers.

International Association of Business Communicators

<http://www.iabc.com/fdtnweb/>

Research reports and papers on the communications profession, available for purchase.

About Airfoil

Airfoil is a mid-sized independent public relations firm that specializes in marketing technology products and services for emerging and established technology companies. Established in 2000 by Lisa Vallee-Smith and Janet Tyler, Airfoil is a Top 50 Tech PR firm, according to PRWeek, and was awarded the PRWeek 2004 Boutique PR Agency of the Year Honorable Mention.



1001 Woodward Avenue, Suite 1700
Detroit, Michigan 48226
dir 313.887.7203
toll 866.AIRFOIL
www.airfoilpr.com