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O'Dwyer's Newsletter

The Inside News of
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IPG POSTS Q1 REVENUE GAINS

Constituency Management Group, the marketing and communications portfolio owned by Interpublic Group which includes agencies Golin, **Weber Shandwick**, DeVries Global, **Current**, Axis and Creation, saw a breakout performance in the first quarter of 2017, posting mid-single digit organic growth of 4.6 percent to \$346.3 million for the period, compared to \$340.4 million during 2016's first quarter.



Weber Shandwick CEO Andy Polansky told O'Dwyer's that Golin and DeVries each exhibited double-digit organic growth in the quarter, with Weber registering low single-digit organic growth compared to high-single digit organic growth seen during the first quarter of 2016.

"Weber Shandwick had particularly strong growth in international markets including Japan, Mexico, Germany, France, the U.K. and Korea," Polansky said. "Our collaborative culture continues to help us deliver on new opportunities in the converging marketing services landscape across geographies and capabilities, including creative, social, digital, analytics and strategy."

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PUBLICIS PICKS UP IN EUROPE

Publicis Groupe in April reported revenue of €2.328 billion (about \$2.52 billion) for 2017's first quarter, a year-over-year uptick of about 1.6 percent. Organic growth, on the other hand, was down 1.2 percent for the period, a far cry from the 2.9 percent in organic gains the French ad/PR operation experienced during the first quarter of 2016.

Growth was especially strong in Europe, where the PR/ad combine saw €655 million (about \$710 million) in Q1 revenue, an organic upswing of 5.5 percent from Q1 2016's €631 million (about \$684 million). Publicis in a quarterly earnings statement attributed these gains to strong performances in France, the UK and Italy, where revenues were up 11.9 percent, 9.1 percent and 6.3 percent respectively.



Publicis' Latin America and Middle East / Africa regions also saw growth of 4.5 percent and 1.5 respectively. North America, on the other hand, experienced a dip in organic revenue of 5 percent, to €1.29 billion (about \$1.39 billion), compared to the €1.3 billion (about

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KOCH LOBBIES AGAINST GOP TAX PROPOSAL

Koch Industries, the privately held conglomerate run by right-leaning billionaire brothers Charles and David Koch, has retained global law firm Gibson, Dunn & Crutcher LLP for Capitol Hill advocacy work on issues related to taxation.

GD&C has been hired by the Wichita, KA-based multinational for help with "U.S. Federal Income Tax Reform issues," according to lobbying registration documents filed in April.



Charles (L) & David Koch

The Kochs, whose refineries rely on Canadian oil, have been highly critical in recent months of a border adjustment tax portion of the GOP's current corporate tax reform proposal which may drastically overhaul how imports are taxed in the U.S.

That border adjustment plan, originally penned by House Republicans and backed by House Speaker Paul Ryan, would allow U.S. companies to deduct exports from taxable income while levying a 20 percent tax on the import of foreign goods and materials.

Retailers and U.S. companies that rely on imported

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OMNICOM OUTPACES EXPECTATIONS IN Q1

Omnicom Group's PR properties posted organic gains of 1.8 percent during 2017's first quarter, revealing healthy Q1 revenue of \$325.3 million for its PR business, which includes agencies **Porter Novelli**, **FleishmanHillard**, **Ketchum**, Mercury and others, compared to \$318.8 million a year ago.

OMC's advertising units outpaced PR for the second year in a row, however, with properties in that discipline boasting healthy year-over-year organic growth of 6.4 percent, continuing the trend from Q1 2016's 7.9 percent gains.



Across the holding company, Omnicom revealed first quarter worldwide revenue of about \$3.6 billion, a 2.5 percent year-over-year uptick from the \$3.5 billion reported during Q1 2016, with organic revenue up 4.4 percent for that period.

Net income was up 10.7 percent to \$241.8 million from the \$218.4 million reported during 2016's first quarter, and operating profit was up 4.5 percent — or \$17.8 million — to \$410 million for the quarter, compared to \$392 million posted during the same period a year ago.

Growth for the ad/PR conglomerate was particularly

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IPG POSTS Q1 REVENUE GAINS

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Polansky also noted that Weber's healthcare and consumer marketing practices, as well as its digital, content marketing and social media teams, continued to be key growth drivers.

Across the ad/PR combine, Interpublic today reported first quarter revenue of more than \$1.75 billion, a .7 percent uptick from Q1 2016's \$1.74 billion, with year-over-year organic revenue up 2.7 percent.

Revenue gains in the U.S. were notably strong, where organic revenue increased 2.9 percent for the year, compared to 2.2 percent internationally. Latin America saw impressive organic gains of 3.7 percent and Asia Pacific experienced organic increases of 2.7 percent. Growth in the U.K., meanwhile, lagged by comparison, at .2 percent.

Operating income at the holding company gained by 29.1 percent to \$29.7 million, compared to \$23 million a year ago. Operating margin increased 40 basis points compared to last year's first quarter, at 1.7 percent, compared to Q1 2016's 1.3 percent.

In a Friday earnings statement, IPG chairman and CEO Michael Roth said that while the first quarter "is seasonally small for us," the communications combine's Q1 results "showed solid organic revenue growth in the quarter, with contributions from across our agencies and all marketing disciplines," numbers that were "consistent with the view we had coming into the year."

Roth also said IPG believes it's well positioned to achieve its full-year targets of organic revenue in the three-four percent range, as well an opportunity to improve operating margin by an additional 50 basis points relative to 2016 levels.

PUBLICIS PICKS UP IN EUROPE

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\$1.41 billion) that region experienced a year ago.

Outgoing chairman and CEO Maurice Lévy in a statement said the figures "send out faint but encouraging signals as to the Groupe's situation," pointing to Q1 account wins that illustrate "a positive momentum" that the holding company finds "encouraging in many respects."

Lévy also said Publicis expects Q2 "to remain in negative territory, but to show an improvement compared with the first quarter."

Publicis in January announced that longtime leader Lévy would be succeeded on June 1 by Arthur Sadoun, CEO of Publicis Worldwide and head of Publicis Groupe's creative hub Publicis Communications.

Lévy will continue with Publicis as chairman of its supervisory board, an appointment contingent upon shareholders' vote.

BRIEF: *The Atlantic* has brought on former *Slate* deputy editor John Swansburg as senior editor. He spent 10 years at *Slate*, working as editorial director and culture editor before reaching his highest position in 2014. His writing has also appeared in *The Boston Globe*, *The New York Times Book Review* and *New York*. *The Atlantic* is seeing new highs in subscriptions and newsstand sales. The January/February issue is its best-selling since 2008.

KOCH LOBBIES AGAINST GOP TAX PROPOSAL

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wares have derided the proposal, claiming such a move would significantly raise the cost of imported goods, and thus, increase the consumer prices of everyday items.

Advocates — which includes U.S. companies that manufacture exported goods — claim the plan would encourage companies to buy and produce more products made in the U.S., thus potentially creating more jobs. This, they claim, would eventually increase the value of the U.S. dollar, thus offsetting any increases in consumer prices as well as the new tax burden companies must pay for those foreign goods.

Several **Federal Reserve economists in February expressed doubt** that the plan on its own would be enough to raise the dollar's value, and noted that it could hurt U.S. foreign trade and raise domestic prices, which could make prices unattractive to foreign buyers and thus, actually slow exports rather than stimulate them.

The Koch brothers, who have publicly stated that the reforms "**could be devastating**" to the economy, in January circulated a **Koch-financed study** published by Interindustry Forecasting at the University of Maryland, which claimed that the tax proposal could cause unemployment to rise to 11 percent and result in unemployment worse than the 2008 recession.

In April, **another report issued by Koch-backed advocacy groups** Americans for Prosperity and Freedom Partners detailed a supposed state-by-state breakdown of the effects the tax plan could have if it becomes reality. Americans for Prosperity in April also unveiled a **TV ad opposing the border tax**.

Koch Industries, which imported 80 million barrels of Canadian tar sands oil in 2015 alone, is one of the nation's largest importers.

President Trump hasn't yet officially endorsed the border adjustment plan. After months of initially appearing against the idea, **he admitted to Reuters** in February that it "could lead to a lot more jobs in the United States."

GD&C partner Benjamin Rippeon manages the Koch account.

OMNICOM OUTPACES EXPECTATIONS IN Q1

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strong in the Middle East and Africa, where that region saw impressive year-over-year organic gains of 37.9 percent. Strong yearly performances were also seen in Asia Pacific (+9.1 percent), Europe (+8.2 percent), the UK (+8.1 percent) and Latin America (+5.4 percent). In North America, OMC's largest region, organic growth was up by only 1.1 percent.

In an earnings call, OMC CEO John Wren noted that while revenue growth "exceeded our internal targets for the quarter," the communications combine "remained cautious as numerous geopolitical and macroeconomic events remain unresolved," and pointed to forthcoming budget, tax reform and healthcare bills in the U.S., as well as how Britain's Brexit and upcoming elections in Europe may bode for the global economy.

"In the face of these macro events, Omnicom's agencies remain focused on the things they can control, developing their talents, delivering results for their clients and driving improvement in their financial results," Wren said.

O'REILLY FORCED OUT OF FOX

Longtime Fox News Anchor Bill O'Reilly "will not be returning" to his post, it was announced last week by 21st Century Fox, parent of the news channel.

There had been disclosure of multiple settlements involving sexual harassment charges against him and settlement agreements with five women had totaled \$13 million.

The parent company said the decision to drop O'Reilly, 67, came after "a thorough and careful review of the allegations."

More than 50 advertisers canceled schedules on his show. Sexual harassment charges against Fox News chairman Roger Ailes had resulted in his departure last year. O'Reilly's show had debuted in 1996.

O'Reilly has denied the allegations against him.

[Read comments on this story on odwyerpr.com](#) from Ashley McCown, president, Solomon McCown & Company; Tom Madden, chairman & CEO, TransMedia Group; Joe Honick, O'Dwyer's contributing editor; Arthur Solomon, O'Dwyer's contributing editor; and Stan Steinreich, president & CEO, Steinreich Communications Group.



How will Bill O'Reilly's ouster affect Fox News?

- Big hit, he was the face of Fox
- Will move on, plenty of good replacements out there

Vote

As of Apr. 24, 56 percent of those taking O'Dwyer's poll believe O'Reilly's departure is a big hit to Fox News.

REGAN PARTNERS WITH YOUNG AT ACTUAL

Actual, LLC has named former Access Emanate EVP and general manager, Brian Regan, as partner. He is both a 10-year colleague and friend with founder and CEO Michael Young.

Over ten years, Regan expanded Access' New York office from an outpost of the San Francisco headquarters into a powerful stand-alone location with a diverse client base spanning technology, web services, lifestyle, food and beverage and CPG. He helped to grow the agency's "studio" offering, combining creative, digital, content and analytics expertise and was instrumental in overseeing the 2015 New York-based integration of Ketchum agencies Access Communications and Emanate. Regan also served on Ketchum's global technology practice.

Regan will be based in New York and Young will continue work from the agency's San Francisco office.

"Digital disruption has upended how brands reach customers and that forces us to think and communicate in new ways," Regan said. "With Actual, Michael is taking a different and very nimble approach to these challenges, working with dynamic and exciting companies, both start up and mid-sized, and helping them to differentiate and distinguish themselves in front of customers, influencers and decision-makers. I am thrilled beyond belief to join with him again and put our magic elixir back to work."



Brian Regan

STRYKER-MUNLEY OPENS THREE OFFICES

PR and marcom agency Stryker-Munley Group has expanded to Silicon Valley, Tampa Bay and New Jersey. Its business model is unique in that it offers a national system of offices independently owned and run by seasoned professionals who are leaders in their respective markets.

The expansion adds to existing locations in New York, Chicago, Los Angeles, Pittsburgh, Sacramento, and St. Louis.

"Our national teams are designed to collaborate across a very wide range of needs and skills, providing clients with the depth of understanding and variety of solutions that only highly experienced professionals can offer," said SMG founder and Stryker-Munley Group – New York president Mike Jamieson.

Tim Cox, founder of ZingPR, will head SMG-Silicon Valley, servicing high-tech, biotech, agtech and edtech clients.

The Tampa Bay office will be run by Cheryl N. Kluffio. She founded RightlySaid Communications, LLC in St. Petersburg. Executive-branding and destination-branding clients will be this location's focus.

Dan LaMountain, head of LaMountain Design, will specialize in graphic design, digital graphics and website productions, as well as photography and video out of SMG-New Jersey.

SMG was founded in 1999.



Mike Jamieson

U.S. CYBER INCIDENT RESPONSE DIR. JOINS FTI

FTI Consulting has named Anthony J. Ferrante as senior managing director in the global risk and investigations practice within its forensic and litigation consulting segment.

The cyber security expert served as director for cyber incident response at the U.S. National Security Council since 2015 for both the Obama and Trump administrations. Before that he was chief of staff of the FBI's cyber division.

Ferrante will be based in FTI's Washington, D.C., office and bolster existing client services that include system architecture, system design, privacy notifications and programs, IT strategy, governance, program assessment and data security.

"Corporations are facing more pressure to address cyber threats, and Anthony's experience at the highest levels of government and law enforcement expands and deepens FTI Consulting's ability to help organizations navigate the issues they face when responding to attacks and ensuring the safety of their systems and networks," said Neal Hochberg, global leader of the forensic & litigation consulting segment at FTI Consulting.

A recent FTI-sponsored survey by the *Economist* Intelligent Unit showed that 53 percent of executives surveyed said cyber attacks had the greatest impact on their firms' reputations. Also, 36 percent believe cyber risk will have more influence on corporate crises over the next three years than political disruption, income equality or civil disruption.



Anthony J. Ferrante

ROCKEFELLER'S SPEECHWRITING REMINDER

By Fraser P. Seitel, comms. consultant, author and teacher for 40 years.



For close to five decades, David Rockefeller, who died last month at the age of 101, was my employer and friend. First as public affairs director of Chase Manhattan, the \$100 billion bank he chaired, and then as a consultant.

One of my primary duties was to serve as a drafter of Mr. Rockefeller's speeches. I say "speech drafter" and not "speech writer" because the speeches were his; they were ultimately always "written" by him, not me. I merely helped and would never presume to take credit for the great man's words. (Are you listening Pulitzer Prize Peggy "Thousand Points of Light" Noonan?!?)

Being a "Rockefeller," David rarely showed annoyance, except for once. And the subject of that annoyance was me, because of a speech I'd "drafted." Here's what happened.

Chairman Rockefeller was to address an international economic forum on the topical subject of bank loans to lesser developed countries. In those days of sky high oil prices, bank loans to lesser developed countries — or LDCs — were particularly worrisome. Countries like Brazil, Mexico and Argentina desperately needed money to finance their oil-dependent economies, but their ability to repay bank lenders was becoming increasingly dubious. As bank LDC debt rose, the stability of the banking system, itself, appeared imperiled.

So, Mr. Rockefeller's speech on this topic had to be meticulously crafted, to reassure bank shareholders — not to mention the world — that banks could weather the LDC debt storm.

The chairman's speech went through 13 drafts before all concerned were satisfied that the tone was right. Earlier drafts — on hard analysis by the bankers — were too bold, offering promises to support the LDCs beyond levels many felt prudent. So, these earlier passages were stripped out and replaced by more benign assurances.

On the day of the speech, I accompanied the chairman, and a colleague passed out advance copies of the speech to the assembled members of the press. I read a version at my seat as Mr. Rockefeller delivered the speech, which he did without a flaw. After the talk, I commended him on a job well done, and we returned triumphantly to the bank. Our satisfaction was short-lived.

The next morning, a headline in *The Wall Street Journal* read, "Passages Rockefeller's Speech Leaves Out Tell More than Those Included."

The story recounted how an earlier draft of Mr. Rockefeller's speech, containing subsequently-excised explosive passages, had mistakenly been handed to reporters. Prior to the speech, I had carefully made sure that Mr. Rockefeller had the right copy in hand but failed to double check the copies we had distributed to the press. My bad.

And Mr. Rockefeller, correctly, was not pleased. Did he belittle or scream or rant or demand (understandably) his speech drafter's head? Of course not. He was David Rockefeller, not Donald Trump! But he was properly piqued.

Rockefeller's arched eyebrow was reminder enough to one chagrined speech drafter always to review, personally, every final draft before exposing the speech to public scrutiny. Forty years later, the lesson remains learned.

PR OPINION

Since public and business trust in journalism is at such a low level, media in general need to adopt the "no surprises journalism" policy of the *Wall Street Journal*.

The policy was explained to the April 6 meeting of the Arthur W. Page Society by WSJ "activism" reporter David Benoit. Some attendees thought what Benoit was saying is that WSJ shares stories with subjects before they hit print. That would be a revolution at many media which "check facts" but do not show entire articles to subjects before publication.

WSJ communications director Steve Severinghaus said in an email that WSJ does not share full articles but it practices "no surprises journalism" which means that "subjects are made aware of what we intend to report about them and are given appropriate time to respond to those points."

Attacking fears that truth might be "dead," a thought proposed by the April 3 *Time* mag, the Society reaffirmed its commitment to truth and facts and said journalists and PR people must work closely together.

Benoit is noted for his "scoops and deep reporting," said Talking Biz News in naming him "**Business News Journalist of the Year**" in 2015. It is operated by Chris Rouch, Distinguished Scholar in Business Journalism, University of North Carolina at Chapel Hill.

Benoit Hits Hard; O'Reilly: Non-Responder

Benoit covers "activist shareholders and hedge funds and their impact on corporate America." Recent stories are on the ouster of Klaus Kleinfeld as CEO of Arconic; proposed ouster of Buffalo Wild Wings CEO Sally Smith; activists who want changes at Whole Foods, and activist pressure on General Motors to have two classes of common stock.

Benoit gives targets a chance to respond to various charges but they have to do that. An instance of someone not responding in detail to charges although he had chances to do that is **Bill O'Reilly**, formerly of "The O'Reilly Factor" on Fox News. He has dismissed sexual harassment charges as "completely unfounded" but has not supplied anything beyond that comment. Exactly why Fox paid \$13 million to settle five cases against him has not been revealed.

Gerard Baker, **WSJ editor-in-chief who addressed the Page meeting**, also called for a "non-confrontational relationship" between the media and story subjects. He points out that social media has given citizens plenty of outlets for their views besides traditional media.

Issue is Fairness

The main issue on the table is whether media are treating their subjects fairly. Numerous PR and journalism groups are addressing this issue.

A new name entering the picture is the "**News Media Alliance**," which is running full page ads in newspapers across America headlined: "Reporters, editors and photographers create real news. Journalism you can trust."

The Alliance until last September was known as the Newspaper Assn. of America, representing some 2,000 newspapers in the U.S. and Canada. Based in Arlington, it is "the leading voice of the news media industry."

"Our advocacy, proprietary research and events bring together today's brightest minds to craft the news media business strategies of tomorrow," says a statement of purpose. Lindsey Loving is manager of communications. — **Jack O'Dwyer**