



Jack O'Dwyer  
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# O'Dwyer's Newsletter

The Inside News of  
PR and Marketing  
Communications

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## SAUDIS USE PODESTA TO SLAM QATAR

**Podesta Group** inked a three-month \$150K pact with the **Saudi American Public Relations Affairs Committee** to support the economic and political boycott of Qatar for its alleged support of terrorism.

Saudi Arabia, United Arab Emirates, Egypt, Bahrain and five other Islamic states erected the blockade in June.

Podesta's primary objectives, according to its work plan, are to raise awareness of "Qatari support for and funding of terrorism," highlight Doha's refusal to adhere to the 2014 Riyadh agreement, build on "President Donald Trump's calls on Qatar to stop financing terrorism," and reinforce "Saudi Arabia's role as a leader in stabilizing the region."

The communications program includes "eye-catching" online ads to "drive home our topline messaging and push US thought leaders" in publications such as the *New York Times*, *Washington Post*, *Wall Street Journal*, *Politico*, *The Hill* and *CQ Roll Call*.

There also will be messaging around the opening of the United Nations' General Assembly (Sept. 12-25) via a sponsored event with Foreign Policy or Politico and/or newspaper advertising. Unless terminated in writing, the PG's pact automatically renews Sept. 20 for another three months.



## PENTAGON PUSHES OUT WARREN

The Pentagon has pushed out respected media advisor and ex-Army colonel Steve Warren, a move bound to further strain the relationship between the press and Trump Administration.

*Foreign Policy Magazine* reported last week that Warren, a seasoned PA official, is "well-liked by reporters for his sense of humor and blunt-speaking style."

Trump officials had encouraged Warren, who had served as spokesperson for the US-led campaign against the Islamic State, to retire from the Army and apply for the senior media advisor job at the Pentagon, a civilian spot.

Dana White, assistant secretary for PA and former Fox News publicist, played a key role in Warren's departure, according to FP. In an email, White said the White House decided that Warren is not eligible for the Pentagon post.

Warren's exit coincides with complaints about the lack of media access to Defense Secretary James Mattis and the Pentagon's recent habit of booting reporters off planned international trips at the last minute.

He's on "terminal" leave until November.



Steve Warren

## MOST AMERICANS WANT CEOs TO TAKE ON TRUMP

A majority of Americans want CEOs to speak out against President Trump's policies and views, according to a **poll of 1,000 people conducted by Edelman** last week in the wake of his controversial remarks about the Charlottesville violence and the ensuing resignations of blue-chip CEOs from the White House's manufacturing council.

Fifty-two percent of respondents want CEOs to take issue with the President, while 25 percent prefer corporate chiefs stay out of politics. Nearly four-in-ten (38 percent) say their trust in a company would drop if the CEO continues to work with the Trump Administration, while 25 percent say their trust would increase.



Richard Edelman

The poll found sharp differences among respondents along racial lines. More than half (53 percent) of African-Americans and 46 percent of Hispanics says their trust would decrease if a company continues to work with Trump. Those figures compare to the 35 percent of whites who would be less trusting in a corporate ally of the White House.

Richard Edelman, CEO of the No. 1 independent firm, commented on the poll in his blog of Aug. 18.

Though CEOs must engage the White House and regulators in areas such as immigration, trade, environment, taxes, privacy and security, they must also be "visible advocates for tolerance and other social issues that affect their employees and communities," wrote Edelman.

## WOMEN OF COLOR DISCUSS BARRIERS IN PR

The barriers blocking women of color from top positions in PR were the subject of a spirited panel discussion at the 2017 ColorComm (C2) Conference in Miami, a business retreat that brought together more than 400 women of color who are communications professionals.

Led by Lisa Osborne Ross, managing director of **APCO Worldwide's** D.C. headquarters, the discussion presented a look at those barriers from the point of view of both current top executives and of the women of color who want to dismantle the roadblocks that often bar their access to those positions.



Lisa Osborne Ross

The panelists included Mildred Galvin, senior VP of talent development at **FleishmanHillard**; Soom Mee Kim, executive VP and global diversity & inclusion lead at **Porter Novelli**; and Trisch Smith, executive VP and

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## WOMEN OF COLOR DISCUSS BARRIERS IN PR

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managing director of diversity & inclusion at **Edelman**.

Brad Staples, CEO at APCO; Brad MacAfee, CEO at Porter Novelli; John Saunders, CEO at FleishmanHillard; and Matthew Harrington, COO at Edelman represented PR firm leadership.

Ross relating her feedback from previous ColorComm conferences. “I was shocked to find that so many believed that they would never reach the highest levels of our industry.”

Galvin stressed that a focus on inclusivity and diversity does not entail a “second-best” mentality. “Hiring for diversity does not mean less than,” she said. Smith added that diversity in and of itself is not enough—a general atmosphere of openness and opportunity should prevail. “Diversity without inclusivity,” she said, “is moot.”

Staples addressed “unintentional bias” and how it affects the decision-making process for many execs. “I do believe that if we as leaders are going to overcome that particular challenge, it starts with a belief that business is done better, the business will thrive and be more successful as a function of having a workforce that represents its client base,” he said.

“What I take away from the conversation,” said Harrington, “is not just the importance of listening and not even of intent. It’s about action. If we are fortunate to be invited back next year, I would expect you to ask us, ‘So, what have you done? What has changed?’”

## PR INDUSTRY GROWTH DECLINED IN 2016

U.S. PR agencies **grew by an average of just 4.8 percent in 2016** — or about \$33.7 million — which is down about 1.8 percent from its average growth of 6.6 percent in 2015 and accounts for a 3 percent decline from its 7.8 percent average growth in 2015, according to an annual survey released by PR merger and acquisition consultancy **Gould+Partners**.

The findings were consistent with two recent reports issued by the merger and management consulting firm: Gould+Partners’ **Best Practices Benchmarking Report**, released in June, showed that average PR agency operating profit has slipped consistently in recent years to account for a smaller percentage of firms’ net revenues, at 15.2 percent in 2016, compared to 15.3 percent in 2015 and 16.2 percent in 2014.

Likewise, Gould+Partners’ **Billing Rates & Utilization Report**, issued in July, showed that average billing rates last year were flat at PR agencies across various agency staff positions.

Firms with annual net revenues below \$3 million averaged \$1.51 million in net revenue growth (or about 7.3 percent) in 2016, according to Gould+Partners’ new survey. Firms with between \$3 million and \$10 million in annual net revenues fared the worst, dipping about 1.4 percent to an average of \$6.02 million in net revenue growth. Firms with between \$10 million and \$25 million averaged about \$14.97 million in revenue growth (or 8.1 percent), and firms boasting more than \$25 million in annual net revenues

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## TRUMP’S LAST GASP ON PR ‘HOPE’

By Fraser Seitel, author of textbook “The Practice of Public Relations”



**Ms. Hope Hicks**

**Interim Comms. Director -- White House**

Ms. Hicks:

Congratulations (I guess) on your new post.

You have ascended to what is clearly the toughest communications job on the planet, with but one silver lining: You can’t possibly do worse than your predecessor, the great Anthony “Mooch” Scaramucci.

While your public relations background as a fashion publicist for Ivanka is more substantial than your predecessor’s, in candor, you are more well known as a model and Greenwich high school lacrosse player than as a communications strategist.

No matter. You obviously didn’t volunteer for this, but you got it. So your challenge, simply put, is restoring some semblance of credibility to a man at least two-thirds of the nation believes to be — and again, excuse my bluntness — an intellectually and emotionally-challenged, inarticulate child (without the curiosity), whose instincts on virtually every issue are dead wrong and who therefore stands, perpetually, one small step away from triggering a full-scale catastrophe for the rest of us.

So, the odds are way stacked against you from having any discernible impact on this runaway locomotive of a Presidency. But ... since the Democrats remain clueless and nobody wants to see Hillary Clinton ever again, here, from a public relations perspective, is what you must advise your boss if, in fact, he wants to remain President.

• **Don’t fire the generals, Tillerson, Cohn or Mnuchin.**

Bannon, si; these guys, nyet. They’re adults, who seem to be performing properly and winning something rarely equated with this Administration: respect. They’re all good men, but the rest of the Cabinet, meh.

• **Drop the monuments.**

Let somebody else pick up the cudgel to defend Robert E. Lee or Stonewall Jackson or Thomas Jefferson. It’s a “no win” for you. History is not your strength, so drop it. (And while you’re at it, also forget about Gen. Pershing!)

• **Incinerate the Nazis.**

Well, not literally, although on second thought ... I understand you tried to denounce these losers, and nobody listened. Your castigation was characterized as “mealy mouthed.” And while you may be lots of things, “mealy mouthed” isn’t one of them. So, continue to castigate the neo-Nazis and their White Nationalist buddies with every bit of venom you have — and you’ve got plenty.

• **Play to the stock market.**

Frankly, the market is your only friend. Its constant rise, despite your shenanigans, is what has salvaged the first six months of this travesty. At least, your defenders argue, the market is up and people are working. But now,

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**Hope Hicks**



**Rick Gould**

## TRUMP'S LAST GASP ON PR 'HOPE'

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because of your most recent moronic, self-immolating comments, Wall Street is trembling. And if the market craters, you are toast.

Never be interviewed again by the *New York Times*, *Washington Post*, ABC, NBC or CNN.

They are, in fact, the enemy. They hate you and don't care who knows it. They have, over the course of your young Presidency, abandoned even a pretense of objectivity when it comes to all things Trump. They want you gone. So, their "news" coverage is slanted — you would say "fake" — and there's nothing you can do to change it. Get over it, and exist without them.

- **Listen to somebody, anybody!**

Your greatest detriment — and there are many — is you simply don't listen. That's the real reason your popularity is so low and your one step away from impeachment. Stop believing, as the Mooch put it, you are your own "best spokesman." Trust me, you're not. So, start listening to the smarter people around you.

- **Let Gen. Kelly check your tweets.**

The fullest measure of your foolishness is that you are actually convinced that your early-morning death tweets are helpful. "They set the news agenda," you say. And you're right. When you call your own Senate leader a failure or bad mouth a business leader you need, it dominates the daily news cycle and also, by the by, drives down your credibility, popularity and respect. So, while getting you to stop your moronic tweeting may be impossible, at least allow chief of staff Gen. John Kelly to suggest edits before you dispatch your kamikaze cables.

- **Finally, if things continue to deteriorate and more Republicans and moderates say they want you gone, then have the decency to step away.**

Sure, the motorcades and military parades and sycophantic fealty are a kick but face it, you really don't like the job; being caged up all day in that stinkin' White House and followed 24/7 by those media vultures. So, if/when there comes a point when there are no more CEOs to defend you or rednecks to rally or Bannons to can, then do the decent thing and pass the baton to the one subordinate who has remained steadfastly loyal through thick and thicker, Mike Pence.

And watch the stock market soar, as most of us in the nation breathe a sigh of relief.

## PR INDUSTRY GROWTH DECLINED IN 2016

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averaged about \$162 million in growth (or 4.8 percent).

Industry growth appeared to be strongest in Canada, which boasted average net revenue gains of 21.8 percent, or \$15.2 million, in 2016. These findings were also consistent with the June Best Practices Benchmarking Report, which found that, for the fourth year in a row, our northern neighbor firms have been more profitable than their U.S. counterparts, with Canadian agencies participating in that survey averaging an operating profit of 23.4 percent, compared to an average PR agency operating profit of 15.2 in the United States.

Growth was also strong in Northern California (14.7

percent), the U.S. Southeast (6.9 percent) and Washington D.C and its suburbs (5.4 percent). Growth gauged lowest in Southern CA, where average annual net revenues were only .1 percent, or about \$8 million.

"PR firm owners need to be more aggressive in running their firms as if they are ready to sell. They will then be much more focused on the top line growth and bottom line profitability," Gould+Partners managing partner Rick Gould told *O'Dwyer's* "The reason that the Canadian firms are averaging both top and bottom line growth is because they are much more focused on tight management, controlling overservicing and managing their labor and rent costs."

Gould+Partners' fifth annual Net Revenue Growth Report polled 226 North American PR agencies.

## JACKSON MOVES TO PORTLAND

Alfred Jackson, who has more than 20 years of health communications experience, has joined Portland Communications' DC office to expand the offerings for the Omnicom unit.

Most recently, Jackson served as executive VP at Spectrum.

He did a four-year stint as head of Chandler Chicco Cos. Washington outpost, counselling clients such as STOP Obesity Alliance, Coca-Cola, Pfizer, Allergan and Nestle Nutrition. O'Neill and Assocs. and Ketchum are on Jackson's resume.



**Alfred Jackson**

Jane Brearley, who heads global healthcare at Portland's London headquarters, said the US in terms of diversity of clients and geography is the next stage of development.

"To be successful, we believe that biotech companies, innovators exploring treatments for rare disease, advocacy groups, pharma companies and others must develop and execute integrated marketing and communications strategies that include all key audiences," said Brearley in a statement.

## PAN PLANTS FLAG IN NYC

Healthcare and B2B technology agency **PAN Communications** has widened its east coast presence with the addition of an office in New York.

The new location is helmed by Ryan Wallace, who now holds the title of vice president and general manager. Wallace formerly led Bite Global's New York outpost before moving to MWW as VP-enterprise and technology. He later served as part of NRG Energy's corporate communications team.

Wallace told *O'Dwyer's* that equity funding to VC-backed companies in the NYC-metro area saw a 20 percent increase last year.

"This equates to a massive opportunity for us to expand PAN's existing capabilities across the Adtech, Martech, Fintech, Retail Tech and e-commerce spaces," Wallace said.



**Ryan Wallace**

PAN is one of the **top-ranked PR firms in the country** with more than \$15 million in net fees in 2016, accounting for 18.6 percent year-over-year growth

**American Legion Cmdr. Charles Schmidt, presiding at its conference in Las Vegas Aug. 18-24, has been asked to look at placement of “America” on millions of beer bottles.**

Bottles of Budweiser not only re-name the beer “America” in large letters, but sport such sacred U.S. texts as “E Pluribus Unum” and four lines of words to the Star Spangled banner. “Land of the free” and “Home of the brave” are also used.

Instead of the Budweiser logo, in its place is “US” and “United States of America” in a **coat of arms setting**.

Who is responsible for this atrocity?

AB InBev, the Belgian-based company that bought Anheuser-Busch in 2008, bears chief responsibility.

But also responsible are the two conglomerates that handle AB InBev’s ad/marketing strategy and media buying—U.S.-based Omnicom (\$15.4 billion revenues) for the former and U.K.-based WPP (\$19.4) for the latter. U.S. ad budget alone is \$1.68 billion. It is the world’s largest beer brewer. Martin Sorrell heads WPP and John Wren, OMC.

The U.S. armed services repelled dictators in World War II who threatened U.S. liberties. New threats to press freedom, including access to news sources, are now coming from foreign and U.S.-owned entities and we hope the Legion as well as the Veterans of Foreign Wars will look into this. It is a battle fought with words but the stakes are similar.

The conference in Reno has drawn 9,000 members and their families. Total **membership in the Legion** is 2.2 million.

### **We Get Zapped by OMC, WPP**

No one has talked to us from either OMC or WPP in about 20 years. They rival PRSA in being tight-lipped. We have never written an inaccurate word about any of the three so we label their behavior insensitive and un-American. They have pulled the same caper on millions of beer bottles and cans emblazoned with “America” that wind up in public and private trash cans.

Would any member of the Legion or VFW approve of this use of “America”? We doubt it.

This is a PR disaster for Bud, which is brewed in the U.S. At two of the most popular bars in Westhampton Beach, American-made and owned Coors Light is the No. 1 brew.

### **Vast Swath of PR Flattened**

We’re not only upset with wrongful use of “America” but with the carnage that Sorrell and Wren have wreaked on the U.S. PR counseling industry. Using borrowed funds and paying huge sums for PR firms, they and other congloms bought 16 of the 25 firms on the O’Dwyer rankings, from which they were pulled.

A casualty of WPP’s hostile takeover of the J. Walter Thompson Co. in 1980 was the fifth-largest U.S. PR operation, the JWT PR department that billed \$6 million in the late 1970s and employed 175 in six U.S. offices and 18 abroad. It ceased to exist.

Ketchum, which was \$13M in debt in 1996, was

bought that year by OMC for \$68M in cash and stock. Chairman Paul Alvarez got \$3.4M in stock while president Dave Drobis got \$2.2M.

The previous generation of Ketchum owners howled that they were getting far less than the \$125 per share given to Alvarez, Drobis and others. They were told to be silent or the deal **would collapse and they would get nothing**.

Departing execs in 1993-95 had drained the treasury of \$11.4M by having their stock bought back at \$60 a share when the book value was -\$1.42. Staff continued to get raises, bonuses, dividends, etc.

Details were in a 94-page “S-4” filing with the SEC. DeLoitte & Touche said there was “substantial doubt” about the firm’s “ability to continue as a going concern.” It lost \$7.5M on \$127M in revenues in 1995.

### **Alvarez, Drobis Courted, Then Snubbed Us**

The amount of attention given to this reporter by Alvarez and Drobis far exceeded that of **any other PR firm or company including Byoir**.

They took us to numerous lunches, dinners, plays and events of many types, hosted us at the tennis tournament in Forest Hill, and played golf and tennis with us at their own clubs, our tennis club, and PR Counselor Academy resort locations. We were welcome in the homes of Alvarez and Drobis and attended the wedding of Alvarez. We were invited to a dinner at “21” celebrating the 20th anniversary of Alvarez with Ketchum.

They were obviously “phony friends” since both shut us out after we reported details of the S-4 SEC filing. Apparently, they expected us to ignore the S-4. Or, having sold to OMC, they had no further use for us. Alvarez, then 55, left the firm in 1997, less than a year after its purchase. Drobis retired at 62 in 2003.

### **Sorrell Highest Paid U.K. Exec**

Sorrell’s 2016 pay of \$62M was more than twice the pay of No. 2 on the list of the 100-highest paid U.K. executives--\$28.8M, paid to Carnival’s Arnold Donald. Sorrell actually took a huge pay cut from 2015 when he earned \$90.8M. WPP debt is \$8.5B or 67% of net equity.

The Daily Mail in 2009 said his divorce in 2005 from Sandra Sorrell, costing him a record \$51.5M, came because she “cited his obsession with work as the reason.”

*Advertising Age* said Sandra Sorrell, an American, cited an affair that Sorrell had been having with a secretary in the Rome office since 1993. Her 472-page filing said Sorrell “marginalized” and “dehumanized” her and he “discarded her from his affections.”

Twenty funds and stockholder groups criticized Omnicom for bypassing a free SEC process to sue stockholder John Chevedden, a critic of OMC pay and governance practices.

Chevedden was sued in four federal courts for trying to block OMC execs from having exclusive access to stockholder voting prior to the annual meeting. He and others have criticized OMC’s pay practices, which included a package worth \$84.5 million to CEO John Wren in 2012.

– Jack O’Dwyer