



Kevin McCauley
Editor-in-Chief

O'Dwyer's Newsletter



The Inside News of
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271 Madison Ave., New York, NY 10016
212/679-2471. Fax: 212/683-2750
www.odwyerpr.com; jobs.odwyerpr.com

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FINN ENLISTS SMALL ARMY OF DIGITAL PROS

Finn Partners has acquired Small Army, a Boston-based 45-member integrated marketing shop focused on health, financial, technology and travel sectors.



The deal bolsters Finn's digital marketing team to 150-strong.

Founded in 2002, Small Army provides strategic planning, brand development, advertising, media buying, content creation, video production and social media management services.

Founder/CEO Jeff Freedman will take the managing partner post at Finn and join the digital marketing management group headed by Noah Finn.

Peter Finn, CEO of Finn, told O'Dwyer's, "Jeff Freedman and his team at Small Army are highly regarded storytellers who have deep expertise in strategy, creative and media, to complement our existing capabilities for current and future clients."

The deal also provides Finn a foothold in the Boston market.

AGC Partners introduced Finn to Small Army and advised the smaller firm on the negotiations.

The Small Army transaction follows Finn's acquisitions of Brighter Group (London), Missy Farren Assocs. (New York) and CatchOn (Hong Kong/Shanghai) during the past year.

CHOBANI VET TAKES MCDONALD'S PR POST

Michael Gonda has joined McDonald's as VP-global communications after nearly five years at Chobani.

He joined McDonald's "to partner with leaders across the corporate relations function and the organization at large to build on the momentum of one of the most iconic and important brands in the world," according to Gonda's Linked-In post.

Robert Gibbs, who was President Obama's press secretary, is chief communications officer at McDonald's.

Gonda joined Chobani in 2014 as VP-communications and left in January as senior VP-corporate affairs in charge of internal/external/executive communications, government relations, nutrition PR and sustainability. Earlier, he worked in corporate comms at Weber Shandwick in New York and Beijing, and began his career as a freelance journalist contributing articles to the *New York Observer*, *Rolling Stone*, *Deseret News* and *Providence Journal*.



Michael Gonda

CA LOTTERY DRAWS HISPANIC PROMO RFP

The California State Lottery seeks an agency partner providing advertising and marketing services that's capable of helping the commission successfully connect with and motivate the state's Hispanic consumer market.

The California Lottery requires all qualifying agencies to have at least \$8 million in annual billings, a minimum of three years of Hispanic marketing experience, dedicate at least 25 percent of the agency's work to Hispanic marketing, and have an existing office in California, among other criteria.



Deadline for submitting an intent to bid or questions regarding the RFP is 5:00 pm (PST) on Feb. 15. Contact is Laura Lee Rogers, lrogers@calottery.com.

Agencies aren't required to file an intent to bid, but those that do so will receive additional potential notices or amendments related to this RFP. Deadline to submit is 3 p.m. (PST) on March 28. Proposals should be sent to:

California State Lottery
Contract Development Services
700 North 10th Street
Sacramento, California 95811-0393
Attention: Laura Lee Rogers
Response to RFP #50079
[Download the RFP \(PDF\)](#).

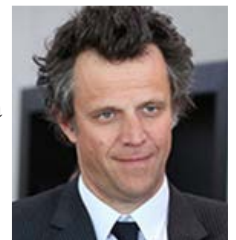
PUBLICIS GROUP REPORTS FLAT 4Q REVENUE

Publicis Groupe CEO Arthur Sadoun reports 4Q revenues inched ahead 0.4 percent to \$2.5B to wrap up what he calls "a productive year" for the French ad/PR holding company. Organic revenue dropped 0.3 percent due to a "higher-than-expected rate of attrition in the traditional advertising business" in the US.

Sadoun sees better days ahead because Publicis' decision to use 2018 to move from "being a communication partner to a marketing and business transformation partner for our clients is making a massive difference commercially."

For 2018, Publicis posted a 3.9 percent drop in revenues to \$10.2B and a 0.1 percent organic growth rate.

Though Publicis began 2019 with optimism, Sadoun said he expects a "bumpy ride in the first quarter due to prolonged effects in the first months of the year" of advertising client losses of Q4 2018. He expects Publicis will achieve a four percent organic rate in 2020.



Arthur Sadoun

SINATRA CENTER SEEKS PR HELP

The Barbara Sinatra Children's Center is looking for proposals to assist the non-profit's branding, PR and marketing campaigns.

Founded in 1986 by Barbara and Frank Sinatra at the Eisenhower Medical Center in Rancho Mirage, CA, the Center counsels physically, sexually and emotionally abused children, and develops programs to prevent the cycle of generational abuse.



BARBARA SINATRA
CHILDREN'S CENTER
AT EISENHOWER

It has treated more than 22K youngsters. Eighty percent of those treated are from families with incomes below the national poverty level.

The selected PR partner will have a strong social media background to help the center get its animated videos on the screens of children who need to watch them. The Center hopes to pick a consultant by the middle of March. John Thoresen is the contact at JThoresen@eisenhowerhealth.org.

MERCURY REPS CHINESE CO. FOR NY SUBWAY

The US unit of China Railway Rolling Stock Corp, maker of transit rail cars, is paying Mercury Public Affairs \$25K a month to land a contract for the New York subway system.

The Metropolitan Transportation Authority in Jan. 2018 announced plans to spend \$4B to order more than a thousand subway cars to upgrade the aging system.

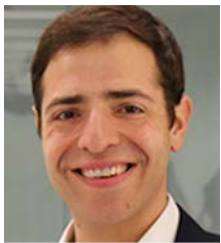
Japan's Kawasaki got a contract for the first batch of cars set for delivery in 2020. No American company makes transit rail cars. CRRC has aggressively bid on contracts throughout the US, winning four (Boston, Chicago, Philadelphia and Los Angeles) of the five contracts by offering rock-bottom prices.

Mercury's pact with Quincy, MA-based CRRC MA Corp calls for strategic consulting and management services such as arranging/attending meetings and providing logistical support during visits to New York.

Omnicom owns Mercury.

APCO'S DEANGELO BECOMES REP. KIM'S CD

APCO Worldwide's Anthony DeAngelo has signed on as communications director for Jersey Congressman Andy Kim, who won a 49.9 percent to 48.8 percent squeaker over Republican Tom MacArthur in the November election.



Anthony
DeAngelo

Kim, a Rhodes Scholar who worked for the State Dept., Pentagon and National Security Council, fended off a barrage of TV advertising in which MacArthur criticized him as "not only far left but far out."

In exiting APCO's media relations manager slot after a three-year run, DeAngelo is returning to Capitol Hill, where he served as communications director for Rep. Betty Sutton (D-OH) and press secretary for Rep. Debbie Halvorson (D-IL). Prior to joining APCO, DeAngelo was press secretary at the AFL-CIO.

MEDIA MANEUVERS

American Media Inc., parent company of the *National Enquirer*, said it would probe the claim of Jeff Bezos, Amazon chief and *Washington Post* owner, that the tabloid threatened to publish intimate pictures of him and girlfriend Lauren Sanchez unless he dropped an investigation into how NE acquired the photos. Bezos made his allegations in a Feb. 7 post on Medium, the online publishing platform. AMI released this statement:



Jeff Bezos

"American Media believes fervently that it acted lawfully in the reporting of the story of Mr. Bezos. Further, at the time of the recent allegations made by Mr. Bezos, it was in good faith negotiations to resolve all matters with him. Nonetheless, in light of the nature of the allegations published by Mr. Bezos, the Board has convened and determined that it should promptly and thoroughly investigate the claims. Upon completion of that investigation, the Board will take whatever appropriate action is necessary."

The New York Times Co. reported \$55.2M in Q4 net income compared to a year ago \$56.8M loss and a 265K surge in digital subscribers, the biggest gain since the 2016 presidential election. Paid-only digital subs rose 27.1 percent from the 2017 Q4 period. Of the 265K new subscribers, 172K were for the news site with the others split between cooking and crossword products. Mark Thompson CEO said the NYTC ended 2018 with 3.4M digital subscriptions and 4.3M total subscriptions. The company chalked up \$709M in 2018 digital revenues, which is three-quarters of the way to achieving its five-year goal of \$800M by 2020. In a sign of bullishness, Thompson plans to grow the subscription base to more than 10M by 2025. Wall Street cheered the NYTC performance, bidding its stock up 13.6 percent to a 52-week high of \$30.56. The stock traded as low as \$21.34 during the past year.



Graydon Carter, former *Vanity Fair* editor, is starting up a newsletter this summer that will be aimed at a high-end, international readership. He will be collaborating on the new venture, called Air Mail, with Alessandra Stanley, who was a critic and reporter for the *New York Times*. The newsletter will feature magazine-length original articles that will be sent out to readers at 6 a.m. every Saturday. In addition, it will sample articles from selected European and Asian publications. Its content, as well as related podcasts, will also be available on a website, AirMail.news. While he is moving into the digital arena, Carter says that his new project will maintain the same editorial standards he held to in print. "These are fully formed narratives," he told the Times. "*Vanity Fair* was in the excellence business, and I want to stay in the excellence business. We're not after clickbait."



MARKETERS BOOST INFLUENCER SPENDING

Influencer engagement programs have become a mainstay for online marketing campaigns, and a recent report conducted by influencer marketing platform SocialPubli.com shows how much this booming practice might continue to grow in the years to come.

The report, which surveyed marketing pros about their challenges and successes with influencer marketing and where they see the industry heading, found that virtually all marketers (93 percent) use influencer marketing in some capacity, with 72 percent reporting using influencer marketing for more than a year and 28 percent claiming they've used it for more than three years.

An overwhelming majority of marketers (84 percent) also said they find the practice effective, and most (60 percent) said they plan to increase their influencer marketing budget this year, while 30 percent said they expect to maintain the same budget.

More than half of marketers polled (53 percent) said they currently allocate at least 10 percent of their budgets to influencer marketing. Three percent dedicate between 25 and 50 percent of their budgets and 18 percent dedicate more than 50 percent.

Only about three percent reported plans to decrease their influencer marketing spending in 2019.

By far, Instagram remains the most popular platform for influencer marketing, with more than two-thirds (67 percent) of marketers naming the site as their favorite social network. Facebook came in at a distant second (12.5 percent) followed by Twitter (six percent).

A majority (37 percent) of marketers said they leverage influencer marketing only for special occasions, but nearly as many (30 percent) said they utilize an "always on" influencer strategy and 26 percent said they use it periodically.

Engagement was cited by a majority of marketers (29 percent) as the top reason for choosing an influencer, followed by content quality (23 percent), reach (21 percent), audience size (14 percent) and cost (12 percent).

More than half (54 percent) said they prefer to outsource management of their influencer marketing campaigns, while 46 percent said they manage their influencer marketing in-house. An overwhelming majority of marketers polled (87 percent) said they preferred influencers to post original content.

The study found that most marketers believe some combination of influencer marketing, SEO and social media ads constitute the best strategy for boosting brand visibility and engagement, with influencer marketing cited as the top choice (35 percent), followed by SEO (29 percent) and social ads (22 percent).

SocialPubli.com's "2019 Influencer Marketing Report: A Marketer's Perspective" surveyed 150 marketing, communication, and PR professionals working in multiple industry sectors in the United States, Spain, Portugal, Colombia, Mexico and Peru in December.



DOJ CRACKS DOWN ON CHINA PROPAGANDA

The Justice Dept has ordered China Global TV Network America, which is wholly-owned by the Government of the People's Republic of China, to register as a foreign agent.

Though CGTV America disputes the Justice Dept.'s position that it engages in "political activities" as defined by the Foreign Agents Registration Act, it has registered "out of an abundance of caution and in the spirit of cooperation with US authorities," according to its FARA filing.

Parent company CGTV, which has bureaus in Beijing and Nairobi, broadcasts news and other programming 24-hours a day. Its content goes to more than 100 English-speaking countries.

Its US unit claims it adheres to the same standards of professional journalism as other Washington news bureaus, including foreign media companies that broadcast or publish in the US.

The Justice Dept. last year required Russian media company RTTV America to register as a foreign agent.

UNIV. OF KENTUCKY ISSUES MARKETING RFP

The University of Kentucky is searching for a multi-disciplinary agency that can help create a branding and advertising strategy for the Lexington collegiate powerhouse and its major entities.

UK is looking for an agency specializing in video and animation development and editing; digital assets development; marketing research; copywriting; media placement and campaign measurement services.

Total budget for the project was not listed. However, the University stated that combined marketing budgets spent with outside firms are estimated at \$5 million annually, including media placement.

Proposals are due by 3 p.m. (EST) on March 1. Proposals should be sent to:

University of Kentucky
Purchasing Division 411 S. Limestone St.
Room 322 Peterson Service Building
Lexington, KY 40506-0005

All firms that plan to participate in the RFP are required to provide a primary contact, address, telephone/fax number and e-mail address to:

Craig Locke, Purchasing Division
University of Kentucky
411 S. Limestone St.
Room 322 Peterson Service Building
Lexington, KY 40506-0005
Phone: (859) 257-2964
Fax: (859) 257-1951
E-mail: clocke@uky.edu

Deadline for questions is 3 p.m. (EST) on Feb. 12 and may be sent to purchasing officer Craig Locke. clocke@uky.edu.

[Download the RFP \(PDF\).](#)



HOW MILLENNIALS BECOME LEADERS

Career paths are marked by milestones, not birthdays. Promotions, aside from complete career changes, are probably the most prominent pivot points along the way. And while tenure is a valuable hallmark of leadership, years on a resume don't tell the entire story.

I'm proud to be regularly called a "young" leader, though it took some getting used to at first. As the vice president of a multimillion-dollar B-to-B and technology division at a national public relations agency, I'm consistently asked to provide strategic counsel and a strong



Alexis Anderson

point of view to top executives with at least a decade or more years on paper compared to my tenure. There's a consistent voice in the back of my head that tells me I sometimes have only a few minutes to earn their trust and attention when a meeting or big pitch is about to begin. Rather than let this voice intimidate me, it's become a source of confidence to speak up early, often and with conviction.

For aspiring and new leaders in any field, I believe there are four critical areas to focus your time, talents and energy to successfully establish yourself without compromising your voice.

Get comfortable with the uncomfortable. If tough conversations and controversial decisions don't come naturally, Millennial leaders must force themselves out of their comfort zones. Tough conversations, approached with a level head and respect, demonstrate that you're up to the task and can address and bounce back from adversity. Young leaders must stand their ground with even more conviction than their older counterparts.

Self-reflect often. Millennial leaders have a distinct advantage in that we often put ourselves under a microscope daily, and according to a survey by Virtuali and Work Place Trends, 50 percent of us approach leadership as the empowerment of others. Leadership, done well, requires constant self-reflection. Young leaders have the energy and passion to inspire real change and are ready to fight even harder for their ideas. Successful young leaders very quickly learn how to set any ego aside and always look inward first to determine what could have been handled better from their seat first.

Remember the "trenches" mentality. Another significant benefit of being a young leader is that not much time has passed since daily expectations were directly related to the hard work at hand. Young leaders have put in the late nights and tackled mind-numbing administrative tasks—and not so long ago. Elevating into leadership, while still making the time to roll up sleeves and do the work when it benefits the team, is an invaluable skill that keeps young leaders relevant.

Lead 24/7. New executives, particularly Millennials, have likely spent their entire career connected. I remember the pride of being given my first Blackberry just one year into agency life. While there are certain drawbacks to not always knowing how to unplug, the flip side is that young leaders can be even more conscious of their power to lead from all facets of their life. Leading 24/7

can also mean being an executive who's unapologetic about leaving work on time for gym class or family dinner—proving that self-care truly does have an important place in the organization. Opportunities for leadership happen at every moment of every day and young leaders must be particularly comfortable with embracing—and fighting for—this blended approach to work and life.

Never has there been a more exciting time to be a young senior-level executive. Millennials make up more than 35 percent of the workforce and people are eager to be a part of how this generation shapes the future. But the young leaders' climb is undoubtedly a bit steeper, and having a strong voice must be balanced with enough humility to ask for guidance when needed. Self-reflection, a willingness to fail and an unwavering commitment to operating well outside of comfort zones all combine to lay a powerful foundation for today's youngest leaders.

Alexis Anderson is vice president of Havas Formula's B-to-B division.

ACCOUNTS IN TRANSIT

Dalton Agency has been selected to lead a national media relations campaign for the 100th anniversary of the **Easterseals** organization. The campaign will raise awareness of the organization's work over the past 100 years, and tell the story of how it is continuing to empower the one in four people currently living with disability in America today. The agency is focusing on a variety of angles which reflect the impact the organization continues to make. The agency is also promoting profiles on the organization's president and CEO, Angela Williams, a U.S. Air Force veteran and the first African American woman to lead Easterseals, and developing stories on key issues impacting people with disabilities, veterans and older adults, which support its advocacy on the federal and state level.

Mower has been chosen to partner with German agency **achtung!** to lead U.S. public relations activities for the **Lufthansa Group**, which includes Lufthansa, Austrian Airlines, SWISS, Eurowings and Brussels Airlines. Mower will be working as part of a global network selected from a pool of more than 1,000 agencies from more than 40 countries. Mower's New York City office is managing the account, working directly with Lufthansa Group's U.S.-based corporate communications team for the Americas. Mower's travel & tourism unit is led by senior vp, managing director Mary Gendron.

Bob Gold & Associates has been selected to manage corporate communication efforts for Fathom Events, a company that shows over 160 titles on more than 2,100 movie screens in 44 countries per year. The agency is tasked with helping to better communicate the "unique big-screen experiences" that Fathom Events provides. In addition to the TCM Big Screen Classics series, Fathom's programming includes stage productions, sporting events and the Metropolitan Opera. The company says that events attract over five million viewers annually.



CSR EXPECTED IN FOOD/TECH/FASHION

Consumers have higher-than-average expectations from food retailers, tech companies and the fashion industry when it comes to corporate social responsibility, according to a new study from B2B research, ratings and reviews firm Clutch.



Food and tech tied at the top of list, with 70 percent of respondents saying that those industries should commit to CSR. Fashion (65 percent), health and beauty (64 percent), restaurants (62 percent), sports (55 percent) and travel (52 percent) were all seen as having an obligation to follow socially responsible policies by more than half of respondents.

For consumers who expect a CSR commitment from the food industry, the top thing they're looking for is a willingness by those companies to help feed the local community (67 percent). Supporting local farmers (48 percent), sponsoring local events (40 percent) and selling non-GMO foods were all voiced as concerns.

Those who want more social responsibility from the tech industry put protecting data privacy (72 percent) as their top priority. Keeping the internet open source (69 percent) and sharing data when needed (39 percent) also ranked highly.

Using ethically-sourced materials (58 percent) was the top request from respondents who desired a social commitment from the fashion industry. Never using sweatshop labor (53 percent) and making use of recycled materials (48 percent) were close behind.

The study authors say that the survey responses indicate that there is no "one size fits all" solution to how companies exercise CSR in the marketplace. "The variables that make business unique," they wrote, "offer unique windows of opportunity for corporate social responsibility."

The Clutch study surveyed 420 consumers who have made a purchase either in-store or online in the past six months—35 percent of them Millennials, 48 percent Gen Xers and 16 percent Baby Boomers.

ENTRIES OPEN FOR PRSA BIG APPLE AWARDS

The New York Chapter of the Public Relations Society of America has opened entries for the 2019 Big Apple Awards, which will be presented June 17 at the Mandarin Oriental near Columbus Circle in Manhattan.

Now in its 32nd year, the Big Apple Awards honor excellence in the industry and outstanding campaigns. The theme this year is "Changing the Landscape of Communications": examining how communications is changing, and what those changes mean to practitioners.

The awards are open to agencies, in-house teams, freelancers, nonprofit organizations, and government agencies, both PRSA-NY members and non-members, across the Tri-State region.

The Chapter will also recognize the accomplishments and talents of younger professionals, showcased in its annual 15 Under 35 Awards, which are nominated separately but will be recognized at the same event. Nominees can learn more and enter at www.prsany.org.

H&K MAKES TOURISM PITCH FOR AZERBAIJAN

Hill+Knowlton Strategies has picked up 2019 PR duties for Azerbaijan Tourism Board to promote the charms of the country considered the crossroads of Eastern Europe and Western Asia.

The WPP unit unveiled the "Take Another Look" theme at London's World Travel Market in November that highlighted Azerbaijan's combination of antiquity and novelty to pique the curiosity of global travel media and influencers.

Working with the ATB, H+K will create curated experiences to uncover the hidden gems of the Muslim majority nation of 10M people that seeks to double the number of tourists by 2023.

The firm envisions a robust digital and traditional media campaign across a dozen target markets for Azerbaijan, which features nine of the world's 11 climate zones.

H+K has established two hubs for the ATB push. Moscow will cover markets throughout Europe and the Mediterranean while the Dubai hub covers the Middle East, China and Central/Southeast Asia.

Staffers will seek to lure travelers looking for interesting city breaks, cultural experiences, nature and adventure getaways, as well as health and wellness retreats.

"We look forward to working closely with H+K to enhance our tourism proposition and become a leading destination brand in the world," said Florian Sengtschmid, CEO of ATB.



SALARIES RISE FOR PR PROS

On the whole, salaries and hourly rates are up slightly for PR agency pros, in-house communicators and consultants, a new report from executive search firm Spring Associates says.

The report looks at salary figures for 12 agency titles, five corporate titles and eight specializations categories, across eight key metro areas (NY, Atlanta, Chicago, Los Angeles, Boston, Houston, D.C., and San Francisco) and five regions (Northeast, Southeast, Midwest, Southwest and West). But while the numbers show a definite upward trend, that progress isn't uniform.

High-tech focused agency account executives in Washington, D.C. are on the upswing, with a 7.1 percent rise bringing salaries into the \$59K-\$77K per year range. But account managers in the health, medicine and pharmaceutical sectors in New York have seen average salaries slide 10.3 percent, hitting the \$80K-\$94K per year range.

The Official PR Salary & Bonus Report, 2019 Edition, does not rely on general surveys for its numbers. "Our data comes directly from vetted PR and communications professionals whose data are entered daily into our confidential, proprietary database of more than 22,000 individuals," said company president Dennis Spring.

The 16-page report also looks at bonuses, alternative titles, PR firm billing rates, benefits and perks and consultant/freelancer hourly rates—all broken down into titles, specialties, geo locations, regions and segments.

The report can be purchased at <http://www.springassociates.com/>.

COMMENTARY

Where's Howard?

For a guy considering a run for the president of the US, billionaire and former Starbucks CEO Howard Schultz has gained little traction.



Howard Schultz

His splashy Jan. 27 "60 Minutes" announcement that he would run as an independent may turn out to be the high water mark of the Schultz for President campaign.

It has been downhill since for the life-long Democrat Schultz.

His independent presidential ambitions have been criticized as Trump's ticket to re-election. It's telling that Schultz's biggest media supporters are the gang on "Fox and Friends," the president's favorite TV program.

A fellow "person of means," which is Howard's preferred term for a billionaire, Mike Bloomberg, wrote that an independent run "would just split the anti-Trump vote and end up re-electing the President."

Bloomberg is now considering a run as a Democrat.

A Feb. 7 CNN poll shows that voters are not exactly jumping on the Schultz bandwagon. He ranks last on the 11 candidates or potential candidates considered by CNN.

A mere one-in-five of respondents say they are either "very likely" (four percent) or "somewhat likely" (16 percent) to support Schultz. That trails second-tier politicians Ohio Sen. Sherrod Brown (21 percent), New York Sen. Kristen Gillibrand (22 percent), Bloomberg (27 percent), ex-Rep. Beto O'Rourke (29 percent) and New Jersey Sen. Cory Booker (29 percent). Former VP Joe Biden (50 percent) tops the list, followed by Trump (41 percent) and Sen. Bernie Sanders (41 percent).

Schultz may see the writing on the wall. During a Feb. 7 speech at Purdue University, where he received an underwhelming reception, Schultz promised that he would not play the spoiler role in the presidential race. "No one wants to see Donald Trump fired more than me," he said.

Meanwhile, Schultz apparently brought in Steve Schmidt, ex-Edelman vice chairman and top staffer on John McCain's presidential run, for his professional and political savvy. So far, no good.

Schmidt, an ardent anti-Trumper displayed some pretty thin skin by storming off the set of his own "Words Matter" podcast, which he founded with Elise Jordan and Adam Levine.

He became infuriated with a line of questioning about Schultz's criticism of Elizabeth Warren's proposal of a 70 percent marginal tax rate on incomes over \$10M.

Schultz had dismissed the proposal as "ridiculous."

Schultz on Words Matter, which aired Feb. 10, called the proposal "ridiculous, confiscatory and anti-growth."

Executive producer Levine responded: "Will Derek Jeter or another athlete not hit another home run because they're going to get taxed at 70? What's the economic be-

havior that he thinks is anti-growth, other than his own pocket?"

"This is bullshit," said Schmidt. "I'm not doing this." He then put down his headset and ending the interview.

Both Schultz and Schmidt better toughen up. If their candidacy builds momentum, they will attract the attention of Trump, who can be pretty harsh on political opponents.

Perhaps, they could ask "Crying Chuck," "Little Marco," "Crooked Hillary" or "Lying Ted" for pointers.

Democratic Senators Chuck Schumer and Bernie Sanders are working on legislation to limit corporate stock buybacks. It's a noble quest that is doomed to fail.

In their Feb. 5 *New York Times* op-ed, the Senators wrote that corporate boardrooms have become obsessed with buybacks to boost share prices at the expense of investing in their people, R&D and capital expenditures.

On the same day the Times published the Schumer/Sanders op-ed, Wall Street punished Google parent, Alphabet, for the audacity of spending \$7.1B for capital expenditures during the quarter ended Dec. 31.

The *Financial Times* called the outlays "an unprecedented investment binge, denting profit margins."

Alphabet didn't exactly fritter the money away. It spent funds for licensing original content for YouTube, which is trying to build a premium subscription business, and expanding cloud computing capacity.

Alphabet chief financial officer Ruth Porat felt compelled to explain the reasoning behind the so-called investment binge. "The main thing you're seeing in the margins is, we continue to see tremendous opportunity across Google, so we're investing to support long-term earnings and revenue growth," she said in a Feb. 4 conference call.

Alphabet shares slipped three percent on the spending news despite a robust performance in its mainstay advertising business. Wall Street was bummed. It was salivating over the prospect of Alphabet increasing its stock buyback authorization from \$12B to \$15B, up from the \$8.6B authorized in January 2018, according to a note from Jeffries analyst Brent Thill.

Meanwhile, Wall Street worries that Alphabet could acquire a big software company to boost its cloud-computing business. "A large software deal could eat up a lot of cash," warned *Investor's Business Daily*.

C'mon, Alphabet is hardly broke. Despite \$25B in capital outlays, Alphabet earned \$8.9B on \$39.3B for 2018. It has \$106B cash on hand.

The company should be applauded, not jeered, for spending for future growth.

Financial PR people should begin the very long process of changing the mindset of Wall Street and corporate management that buybacks are good and spending for the future is bad.

Porat, an executive VP at Morgan Stanley prior to joining Alphabet, would be a great spokeswoman.