



Jack O'Dwyer
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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OMNICOM Q3 REVENUES SLIP 1.9%

Omnicom posted a 1.9 percent drop in Q3 revenues to \$3.7B largely due to a lack of M&A activity and sale of underperforming assets, according to chief John Wren. Net income rose 3.7 percent to \$263.6M.

Wren told investors OMC is counseling clients about navigating the technological disruption that is recasting the communications business.

He views that upheaval as an opportunity for OMC to help clients transform the way they approach customers, offering them "the most creative minds with access to the latest tools in the marketplace."



John Wren

OMC's PR group, which includes FleishmanHillard, Porter Novelli and Ketchum, slipped 0.5 percent to \$345.9M. Organic growth weighed in at 0.4 percent.

The firm's North American unit fell 6.5 percent during Q3 with revenues of \$2.1B, and Asia-Pacific slipped 1.8 percent to \$411.2M.

On the plus side, Europe (excluding the UK) posted an 11.7 percent gain to \$660M, while Britain advanced 2.8 percent to \$357.6M.

PUBLICIS POSTS 2.2% DIP IN Q3 REVENUES

Publicis Group reports a 2.2 percent slip in Q3 revenues to \$2.7B as CEO Arthur Sadoun works on his plan to shift the model of the French-based ad/PR conglomerate from a "communications business to a transformation partner."

Sadoun called the firm's 1.2 percent organic growth an "encouraging sign in a challenging market." Walmart, Asda, USAA, Lowe's and Motorola spurred growth.

North America charted 3.0 percent organic growth, while Europe dipped 1.5 percent off its torrid +7.6 rate from last year.

Sadoun downplayed the "negative news flow" about the state of the ad/PR business. "But the truth is that there is nothing new there. We all know that our industry is facing many challenges. Consumer behavior is changing, the media landscape is being disrupted, we are confronted with new competition and our clients have been facing challenges around growth, cost and brand trust challenges for years."



Arthur Sadoun

Noting that Publicis is rolling out a new business plan with a new management team, Sadoun expects strong organic growth during the second half of fiscal 2017.

WYOMING WANTS TRAVEL PR

The Wyoming Office of Tourism is looking for a PR firm for its \$250K budget to promote the state as a vacation market to U.S. and international audiences.

More than 8.5M visitors visited The Equality State in 2016, resulting in economic and social benefits to local communities, according to WOT's RFP.

WOT seeks creation of a year-long program including media outreach targeted at travel writers, journalists and influencers, plus PR events (receptions, deskside appointments) to support its initiatives.



The firm will understand the state of the travel business and the opportunities for Wyoming, which is home of Yellowstone and Grand Teton national parks as well as Devils Tower national monument, to break through the clutter and competition.

Representatives of the PR firm are required to travel to Wyoming (at the firm's expense) six times per year for in-market training, roundtables and to help cull story ideas.

Proposals are due Dec. 5. Oral presentations are slated for Cheyenne Jan. 8 with work beginning Feb. 1.

Lori Galles is purchasing representative at 307/777-6797.

OGILVY WORKS TO KILL SINCLAIR/TRIBUNE DEAL

WPP's Ogilvy Government Relations represents the Coalition to Save Local Media, which is fighting the proposed Sinclair Broadcasting/Tribune Media Co. merger on grounds that the \$6.6B cash deal would crush local independent media and lead to higher prices for consumers.

OGR's team includes Moses Mercado (chief of staff to ex-Democratic Leader Dick Gephardt), Tim McGivern (COS to former Kansas Republican Senator Sam Brownback), Conrad Lass (ex-lobbyist for American Petroleum Institute, Southern Co. and Rio Tinto mining company) and Todd Novasone (ex-COS to Kansas Republican Jerry Moran).



The Coalition contends the Sinclair/Tribune combine would reach 72 percent of US households and effectively control the market for broadcast equipment and impede the introduction of new services.

American Cable Assn., CCA (rural/regional wireless carriers), ITTA (broadband providers), DISH Network, Common Cause, Public Knowledge and Foundation for Rural Service are among Coalition members.

Sinclair says the deal would enable it to build a next-generation broadcast platform to offer advanced services for a larger customer base.

WOMEN'S MEDIA CENTER HONORS ASHLEY JUDD

Ashley Judd, the first actor to be a named source and share her story about Harvey Weinstein's alleged sexual harassment, will be honored by the Women's Media Center with its Speaking Truth to Power Award on Oct. 26.

The event, to be held at Capitale in New York, will also honor Jane Fonda, Maria Hinojosa, April Ryan, María Elena Salinas and Gail Tifford.

Maya Harris, lawyer, MSNBC analyst and Clinton '16 advisor will be host.

Judd chairs the WMC's Speech Project, which raises awareness about the scope and impact of online harassment. "It's crucial to call out those like Harvey Weinstein who misuse big power, and also to reward those who risk



Ashley Judd



Jane Fonda

what small power they have by telling the truth," said Gloria Steinem, co-founder of WMC.

Fonda, who launched WMC in 2005 with Steinem and Robin Morgan, is being celebrated "for 80 years of activism and excellence in media." She marks her 80th birthday in December.

In a nearly 30-year career as a journalist, Hinojosa has reported for PBS, CBS, WNBC, CNN and NPR, as well as anchoring the Emmy Award-winning talk show "Maria Hinojosa: One-on-One." She was the first Latina to anchor a "PBS Frontline" report: "Lost in Detention," which aired in October 2011.

White House correspondent for the American Urban Radio Networks, Ryan was the 2017 National Association of Black Journalists Journalist of the Year. She is also the voice behind the "Fabric of America" news blog and has written for such publications as *Vogue*, the *New York Times* and the *Washington Post*.

Salinas was named anchor of Univision's evening news program, "Noticiero Univision," in 1987. Winner of a 2015 Peabody Award and a 2014 Broadcast



Maria Hinojosa



April Ryan

Legend Award from the Radio and Television News Assn. of Southern California, she was recently inducted into the National Assn. of Broadcasters Hall of Fame.

Tifford is VP and global digital innovation for Unilever. She leads media strategy and implementation across the paid, owned and earned ecosystem for all Unilever categories and brands.

Christiane Amanpour, Gwen Ifill, Judy Woodruff, Joy Reid, Samantha Bee and Barbara Walters are past WMC honorees.



Maria Elena Salinas

LEGALSHIELD BATTLES MULTILEVEL MARKETERS

Legal services provider LegalShield has tapped law firm Kelley Drye & Warren in response to a series of bills making their way through Capitol Hill that could weaken consumer protections against pyramid schemes and similarly deceptive direct sales initiatives often billed as "multilevel marketing" programs.

Pyramid schemes typically employ a business model wherein non-salaried members are recruited with the promise of financial returns in exchange for investing in a company's products or services and then selling them directly to consumers in exchange for a commission. Many times, however, those sellers, now burdened with loads of unmovable inventory, are required to recruit additional sellers beneath them in order to make their initial investment back, let alone make a profit.

Last year, the Federal Trade Commission secured settlement agreements with two multilevel marketing companies totaling nearly \$210 million: weight loss and nutritional supplement giant Herbalife and now-defunct retail services and products seller Fortune Hi-Tech Marketing. The FTC cut nearly 350,000 checks to sellers who lost money trying to run Herbalife businesses and mailed more than 285,000 checks totaling more than \$3.7 million to those who lost money to FHTM.

LegalShield has retained KD&W to combat H.R.3409, or the Anti-Pyramid Promotional Scheme Act. That consumer protection bill, introduced in July by Rep. Marsha Blackburn (R-TN), seeks to amend the Federal Trade Commission Act, ostensibly to help would-be MLM investors avoid scams by providing the first federal definition of an illegal pyramid scheme.

However, critics say that deceptively titled bill would actually limit the FTC's ability to enforce actions against those companies, because it redefines MLM and pyramid promotional practices in such a way that it allows many companies widely considered pyramid schemes to evade that definition, effectively granting them immunity from the government agency.

Because the bill considers pyramid operations legitimate as long as they abide by certain inventory provisions and implement "a bona fide inventory repurchase agreement," critics charge that H.R.3409 is actually a pro-pyramid law.

FTC Commissioner Terrell McSweeney, in an August editorial for *The Hill*, wrote that H.R.3409 "would fundamentally damage the ability of the Federal Trade Commission to protect consumers from pyramid schemes."

Critics also charge that much of the bill's text was crafted by MLM trade group the Direct Selling Association. Herbalife, FHTM and energy drink seller Vemma Nutrition Company, all of whom were subject to recent FTC lawsuits, are DSA member companies.

In addition to H.R.3409, the FY 2018 Financial



Marsha Blackburn

LEGALSHIELD BATTLES MULTILEVEL MARKETERS

(Continued from pg. 2)

Services and General Government Appropriations bill, which was drafted by the House Appropriations Committee this summer, now contains a provision introduced by Rep. John Moolenaar (R-MI), stating that no funding for the Treasury Department, the Judiciary, the Small Business Administration, Securities and Exchange Commission or any other agencies for the fiscal year can be spent on enforcement actions against pyramid operations.

The DSA has endorsed the Moolenaar amendment, with president Joseph N. Mariano in July penning an editorial in *The Hill* titled “Direct selling is no pyramid scheme,” where he said the proposed amendment would “make clear that direct sellers buying products for their own personal use is a legitimate business practice,” and would also “do nothing to interfere with the Federal Trade Commission’s authority to prosecute pyramid schemes under Section 5 of the FTC Act.”

LegalShield develops and markets legal protection plans for individuals, families and small businesses through a network of about 7,000 independent provider attorneys across North America, as well as identity theft solutions. More than 500,000 customers enrolled in a LegalShield legal plan last year.

The Ada, OK-based company, which was founded in 1972, added direct sales to its sales force in 1984 and was formerly a member of the DSA. LegalShield left the organization earlier this year, however, with CEO Jeff Bell resigning his board of director position. In a blistering press release published on LegalShield’s site in March, Bell leveled a series of criticisms at the trade group, citing “concerns about the lack of enforcement of the DSA’s Code of Ethics for its members” as reasons for LegalShield’s exit, and claiming that “LegalShield feels the DSA does not stand up for or strictly enforce its Code of Ethics ... therefore weakening the direct selling industry as a whole.”

Dana Wood, who was previously a staffer in Senator David Durenberger’s (R-MN) office, and Lee Terry, former Rep. for Nebraska’s 2nd district, manage the LegalShield account at Kelley Drye & Warren.

New York-based KD&W, which staffs more than 300 lawyers globally, was founded in 1836.

FENTON SCOOPS UP PR & CO.

Fenton has acquired PR & Co. to bolster its position in the education, philanthropy and ed-tech sectors in the San Francisco Bay market.

Pat Reilly, one-time press secretary to San Francisco mayor Willie Brown, founded PR&C 20 years ago. She also served as crisis counselor at PBN Co, communications director at Net Channel Internet-enabled TV outfit acquired by AOL, and co-founder of Charge Across Town.

PR&Company will fold as a result of the acquisition, with all clients and work now wholly part of Fenton. The agency’s physical office will close, and Reilly now assumes a senior strategic consultant post at Fenton. No other staff



Ben Wyskida

changes will occur.

Reilly is also co-founder of political polling and public opinion research operation Change Research, which now becomes an exclusive communications partner with Fenton.

“What PR&Co brings to Fenton are great clients working in education, philanthropy and ed tech,” Fenton CEO Ben Wyskida told *O’Dwyer’s*. “Education and philanthropy are two areas of real expertise and passion for Fenton, so this is a move that expands our footprint in sectors where we have a strong team and a growing practice. It also expands our reach in the Bay Area, where we’ve just added a terrific new managing director.”

PR & Co works for Stuart Foundation, EdSource, WikiEducaton, Californians Dedicated to Education Foundation, Teachers Pay Teachers and Kaufmann Fellows.

BCC NAMES RIVERS CCO

Nonprofit financial organization Boston Community Capital has appointed Susan T. Rivers to the role of chief communications officer. It’s a newly created role at the national community development financial institution.

Rivers joins BCC from BNY Mellon’s wealth management unit, where she served as global head of corporate communications. She was previously a director of executive communications for financial services giant TIAA, as well as a public affairs vice president at Roger Williams University and an associate director of development communications at Princeton University.



Susan Rivers

She was previously a journalist, serving as an editor and writer for *The Wall Street Journal* and an editor at *Newsday*.

In the new role, Rivers and her team will work to develop an integrated communications strategy promoting new investment initiatives and businesses growth.

BCC, which was founded in 1984, invests in community development projects that provide affordable housing and commercial ventures in low-income communities across the U.S.

ICR SINGS ‘GOODBYE RUBY TUESDAY’

ICR Inc. is handling Ruby Tuesday as the sit-down casual dining format restaurant chain says farewell to the stock market, agreeing to be acquired by Atlanta-based NRD Capital private equity firm for about \$335M.

Sales at the 600-unit Maryville, TN-based chain have been on the decline as younger consumers view the RT brand as dated, preferring delivery, fast-serve casual chains (Chipotle, Shake Shack) and eating at home.

RT posted a 15.3 percent dive in Q1 sales (ended Sept. 5) to \$217.3M and suffered a \$9.8M net loss.

The NRD deal, according to Stephen Sadove, RT non-executive chairman, provides “the most promising opportunity to realize the highest value for our stockholders, while providing the best path forward for the RT brand, employees, franchises and loyal customers.”

ICR’s Christine Beggan works media, while Melissa Calandrucchio handles investors in the takeover deal.

PR OPINION**Ketchum's 170 PRSA Silver Anvils and Ogilvy's win of the "Best of Anvils" in 2013, when Ogilvy's Mickey Nall was chair, raise ethical questions.**

Should executives who are prominent in PRSA take home so many awards?

The **bio of Kotcher**, notes he is the holder of numerous PR awards and titles, and says that "Perhaps most importantly (he) believes in the importance of character and integrity in our lives and in our work."

It further notes that as chair of the PR Council "he worked to promulgate the highest standards of ethical practice," and to ensure those standards, he asked "every member to sign the Council's Statement of Principles, which all did—an industry first." He is professor of the practice of PR at Boston University.



Mickey Nall

Ketchum: "Most Decorated Agency"

His bio states: "As non-executive chair of one of the world's largest public relations agencies, Kotcher assiduously works to advance the industry. He is equally passionate about furthering public relations as a career destination of choice and supporting those just starting out. To that end, he serves on the faculty of Boston University's College of Communication as professor of the practice of public relations.



Ray Kotcher

"During his 12 years as the global CEO of Ketchum, the firm tripled in size and was twice named *PRWeek's* Agency of the Year. Ketchum is now ranked as the fourth-largest PR firm in the world, according to *PRWeek* and the *Holmes Report*. With 170 PRSA Silver Anvils, 59 *PRWeek* Awards, 19 Cannes Lions, and 164 *Holmes Report* SABREs, Ketchum is the most decorated agency in the business."

The 170 total of Silver Anvils is far greater than that of any other PR firm or corporate member of PRSA. Technically, the Anvils go to the client.

DuPont, a client of Ogilvy, in June 2013 won the "Best of Silver Anvil Award," topping an original field of 847 entrants and 144 finalists. Anthony Farina is head of global PA and director of corporate communications of DuPont.

Ogilvy Should Not Have Competed

The O'Dwyer website editorialized that Ogilvy should not have entered anything in the Anvils contest. There should not have been any chance that the judges would pick one of its entries.

"Having the client of the elected chair of the Society win the grand prize among 847 entries raises

charges of cronyism and insider favoritism," we said, adding, "Such behavior is covered by the Society's Code which advises members to avoid "real, potential or perceived conflicts of interest." The following is from the Code:

CONFLICTS OF INTEREST

Core Principle: Avoiding real, potential or perceived conflicts of interest builds the trust of clients, employers, and the publics.

Intent: To earn trust and mutual respect with clients or employers. To build trust with the public by avoiding or ending situations that put one's personal or professional interests in conflict with society's interests.

Is This Contest Fixed in Any Way?

PR Firms thinking of entering the Anvils in the future will wonder if the grand prize and perhaps many of the smaller prizes are locked up by insiders. They can certainly wonder if insiders have an edge.

"Global Food Security" concerns forecasts that the world's population will grow from seven billion currently to nine billion by 2050. "Unless influencers and policymakers find sustainable and affordable solutions to food security, a global fight to feed the world's populace is expected," says the Society release on the award.

There are definitely a lot of starving people in the world and people who do not have access to clean water. What DuPont and others may do about this is not spelled out.

The release on the award says the campaign "helped DuPont shed its image as a chemical company, and recast itself as a leader in food security."

A more meaningful term that would be immediately understood is "food supply." That is really the issue. Food security sounds like DuPont is in favor of clean food and water and who wouldn't be in favor of that? The company is a major producer of fertilizers and other aids to cultivation of crops,

DuPont, with revenues of \$35 billion and 70,000 employees, is the world's third largest chemical company, according to Wikipedia.

It faces issues in air and water pollution and genetically-modified food. *Mother Jones* in 2010 made it No. 4 on its list of the top 20 polluters.

DuPont a "Model Citizen"

The O'Dwyer website further said, "There's no doubt that the company is in most respects a model corporate citizen. We wonder if it would allow its name to be used by the PR Society if it knew of the many abusive practices that beset it including blocking its membership from knowing who is in the Assembly, how the delegates vote, or what they say, and blocking press coverage of the Assembly for the past two years."

— Jack O'Dwyer