

Paine | PR

The revolution starts here.

The PainePR Service Manifesto

Putting Clients and People First

The Challenge

Public relations professionals work extremely hard to serve and please their clients. Yet despite their best of intentions, talent and dedication, a recent survey* of client satisfaction found that only 46 percent of clients were “very committed” to the PR agencies that represented them.

That’s not particularly surprising. For decades, the public relations industry has suffered under the weight of high staff turnover, limited training, an increasing emphasis upon billability at the expense of client service, and a general lack of effective systems and processes that have led to inconsistent quality.

At PainePR, we are working to reinvent how the service of public relations is delivered to clients. We have systems and methods that are in many ways revolutionary for our field: a very strong emphasis on systemically driven quality, the elimination of excessive layers of management that lead to the delegation of work to inexperienced professionals, and the fostering of a unique culture that promotes outstanding collaboration, creativity and innovation throughout our system.

We invite you to read our Service Manifesto, which speaks to the challenges facing our industry, and the innovative steps we’re taking here at PainePR to put our clients and people first.

Thanks for considering our ideas.

Sincerely,

David Paine
CEO, PainePR

*Thomas L. Harris/Impulse Research Public Relations Client Survey, 2001. Available at www.cyberpulse.com

For more than 20 years, clients have voiced frustration over a range of pervasive problems including:

- Too much delegation of work to junior-level agency staff members who often lack the experience needed to deliver consistent quality and make the right decisions in dealing with problems
- High agency-staff turnover, now approaching 20 to 30 percent or more annually at many top firms, according to industry recruiters
- Escalating service costs relative to the value of the work produced
- Lack of proactivity and too much emphasis on tactical implementation
- Inconsistent service quality including poor writing and mediocre results overall

Here's what clients say matters most to them when working with a PR agency. Not strategic counsel. Not creativity. Not even excellent results. The Harris/Impulse Study found that "overall quality of the work" is first, "quality of the account team" is second, "client service" is third, and "thorough attention to detail" is fourth. Number six is "meets deadlines, keeps promises," while "quality of writing" is ninth.

Why would issues like "keeping promises" and "quality of writing" show up in the top-10? It's because clients aren't getting them on a consistent basis.

Look at the top three reasons agencies are fired today: "poor quality of work" (26 percent), "poor client service" (25 percent) and "did not deliver on their promises" (23 percent).

When only 46 percent of clients are very committed (down four percent from 1999!), that means another 54 percent are ready and probably willing to change firms if only they could find one that would actually offer them better service.

Raising these issues is not meant to be an indictment of the agency field. It's meant to point out that significant opportunities exist for all of us in the agency world to raise our expectations of what's possible, to reject being satisfied with the way things are now and to develop new and better ways to serve our clients and better support the many hard-working people who devote long hours to our profession.

Certainly, agencies and their senior leadership have been working hard to resolve some of these problems, but rarely have the changes been systemic in nature. Benefits like on-site day care, paid sabbaticals, casual attire policies and even stepped-up training, while very valuable, will do little to significantly improve quality, reduce turnover or enhance results as long as these benefits are bolted on to existing systems and methods that ultimately fail to produce quality outcomes.

Common practices like building client service teams with lots of management layers and titles, placing heavy emphasis upon meeting employee-billability goals, creating profit centers and rigid practice areas and establishing performance-based pay for employees, will continue to have the greatest negative influence over people's abilities to deliver quality outcomes.

Until radical changes are made, many public relations firms will continue to be plagued by problems such as those outlined below:

- Staff members are asked to work so hard and so late that they often are incapable of providing consistent quality, let alone the strategic counsel that clients need.
- Burnout and turnover are commonplace or worse, accepted as the norm.
- Costs are significantly inflated because of the extensive need for constant rework and inspection.
- Mistakes and quality problems become inevitable, breeding work environments characterized by blame, finger pointing, competition and incessant conflict.
- Cooperation, collaboration and creativity are stifled.

Despite the fact that the traditional agency model works to defeat creativity and quality, many professionals in the field still manage to achieve both through resourcefulness, determination and hard work — but they do so in spite of how agencies are run, not because of it.

Our Mission

PainePR opened its doors in 1986 with the clear intention of being different by managing differently. Our goals weren't all that ambitious. We wanted to make sure we had very low staff turnover and treated our people well. We wanted to deliver great service. We wanted to be sophisticated in our approach — strategic and creative, not just tactical. And we wanted to produce excellent results on a consistent basis across all teams and offices.

At the same time, we wanted to take care of the things that matter to clients on a day-in, day-out basis: high-quality writing, staying on budget, following through on assignments and meeting deadlines. Again, not earth-shattering stuff.

After all, these are things that all firms want to be able to do, strive to do and need to do. If anything, creativity, smart thinking, excellent execution and great results should be what we all do naturally — nothing more than the core competencies of our field, perhaps no more significant than a phone company providing a dial tone. Yet for our profession, saying them has been one thing. Actually doing them has been quite another.

We knew that if we wanted to be different — to deliver creativity and outstanding service on a consistent basis, we had to design and adopt a radically different operating system. Along the way we had to discard many, if not all of the traditionally accepted methods and beliefs that have driven the PR agency business since its inception.

The PainePR Service Manifesto is the result of that journey. It reflects (in highly abbreviated form) some of what we have learned, what we believe, and how we've been able to translate our experiences and beliefs into a revolutionary way of serving clients, producing great results while supporting very well the people who work with us.

Some of our methods are simple and have even become common today, while others are more complex and still very progressive in our field.

Our success isn't so much dependent on the tactics we employ, rather in the operating philosophy that drives them and how they have been melded to create a unique client-service system capable of delivering very high levels of creativity, work quality and service excellence, while also allowing people to have greater personal and professional satisfaction on the job.

Are we perfect in every case? Hardly. But through our commitment to continual improvement, we've achieved a high level of consistency in what we do and an ability to learn as an organization, so that we get better and better year after year.

Here are some of our most important beliefs that form the foundation of our company and our client-service system:

Before anything else, agency work environments need to radically change if PR firms ever hope to generate the level of staff loyalty, commitment and enthusiasm needed to deliver the best possible work for clients.

Agencies cannot possibly expect to deliver great work when many of them continue to experience annual staff turnover of 30 percent or more. It's simply not possible.

Staff turnover is directly related to a traditionally challenging work environment and it's been a problem that has plagued the agency world for decades.

Consistent quality cannot be achieved when people have to work in environments characterized by extremely long hours and intense pressure to deliver billable hours and results. Add to that mix interoffice competition, politics, anxiety and even outright fear, and you have a recipe for agency burnout. It's a recipe that has made work life very difficult for a lot of talented, hard working people. It has dampened loyalty and enthusiasm and, in many cases, literally driven bright people out of the agency business altogether.

Some say there's little that can be done – that the nature of serving clients in an agency setting is very demanding on people. We don't agree. While the client-service business is at times very stressful, many problems in the agency workplace have more to do with the way agencies are structured than with the nature of the business itself.

Our Bill of Rights

At PainePR, we have created a very special work culture based on the principles of humanism — a culture that puts people first. We believe that all employees have the right to be heard and to participate in decision-making. They have the right to be told the truth, the right to have a fair and meaningful stake in the success of the business, and the right to be treated with fairness and respect regardless of title. Additionally, all employees have the right to have balance in their lives, which includes the right to pursue areas of professional and personal interest and to work a reasonably normal work schedule as often as possible.

Within our firm, these principles are expressed in four Shared Values — Cooperation, Openness, Fairness and Excellence. These principles are part of the fabric of our company and are reflected in all our operating practices.

We've been able to create a workplace unlike any other in our field by aligning everything we do with these fundamental beliefs. People feel safe to take creative risks. They share resources, work together and collaborate among teams without any financial incentives to do so. They respect each other's personal needs and pitch in when others need support. In a nutshell, our people thrive in and appreciate the kind of workplace they have collectively created. And they take very seriously their responsibilities as members of the PainePR community to work hard, strive for excellence, remain loyal to each other and to the firm and bring true passion to their efforts.

Quality and service problems are less a function of talent or lack thereof, but rather a direct outcome of the ineffectively designed systems, processes and methods that work to undermine staff loyalty, creativity, collaboration and quality.

No one doubts the importance of having talented people on staff. But that alone doesn't guarantee quality or creativity. In reality, quality outcomes are more the result of tightly designed methods and systems that set talented people up to succeed. We discovered that reality more than 15 years ago when we became a continual improvement organization. And today, two very important rules drive our thinking about quality. Both come from Edwards Deming, a pioneer in the quality movement:

❶ Better than 94 percent of all outcomes are a function of the system not the people.

❷ Eighty-five percent of any outcome is built into the first 15 percent of the process.

At PainePR, we adhere closely to formal methods for continual improvement. For instance, we document our methods when we discover how best to do something, like how we run a media tour. We often capture that thinking in a process document and share it system-wide. We invite everyone in the company to continually scrutinize our methods in hopes of improving them.

It is a never-ending cycle that takes time and discipline. But more than that, it takes a participatory culture that encourages people to speak up honestly with ideas as well as complaints. The result is more effective and efficient work to the benefit of everyone involved.

Real improvement and consistently enhanced outcomes are only possible through a systemic and process oriented approach to the business. In the absence of a formal system that promotes quality, generating great results is more likely a product of chance than real intent.

Today's heavy emphasis on profitability, as well as the methods firms use to make money, are diverting attention away from the true goal of client service, leading to lower-quality work, faster burnout and higher staff and client turnover.

Making money is important to every business, and PR agencies are no exception. But PR firms need to find ways to make money without losing their focus on serving clients or properly supporting their staff. In many agencies today, day-to-day staff members must bill 90 percent or more of a normal eight-hour day to client work. Common sense tells you that in a normal eight-hour day, even a very hard working person probably wouldn't be able to bill more than 80 percent of their time to clients — unless everything went perfectly. Achieving billability goals is even more difficult if you take into consideration the time that people are asked to spend on new business, administration, career development and everything else that goes on in a typical agency.

The problem is further compounded when a person doesn't or can't record all their time working on projects because the budget to do the work is insufficient, either because of poor upfront budgeting or too much rework by the agency. In this case, people have to work much longer than a typical eight-hour day just to meet their billability goals. No wonder that excessive overtime, lack of personal balance and burnout are among at the top complaints professionals cite in our business.

Any financial model that essentially requires substantial staff overtime simply to achieve profitability – as the standard agency billability system does – is not conducive to producing quality outcomes. At PainePR, we believe that while making money is certainly very important – and we do that as well as anyone – agencies have to rethink their methods. We've proven in our business that lower and more flexible billability ranges are financially feasible and even advantageous. A fair balance can be found between the needs of the firm and the needs of its people (and their clients) for the kind of reasonable and balanced workload that produces quality outcomes — and higher profitability.

In our system, we've spent many years developing what are significantly better methods that allow us to be financially successful without requiring our people to work on the edge of inefficiency and burnout. We continually work to reduce or eliminate wasted effort. We carefully manage costs, and we employ other proprietary management techniques that help ensure that we're as productive and efficient as possible. Taken together, these methods have helped cut down on the number of hours people must spend to complete most assignments well. In other words, we get more done in less time than other agencies that operate under less effective financial methods. In fact, a study for one major national client found that we saved them 20 percent in fees because our system resulted in better planning, reduced inspection and less rework.

Current account management structures that feature multiple layers, titles and billability rates are not conducive to delivering high-quality, strategic work. These hierarchical structures should be replaced in favor of flatter structures that ensure the day-to-day involvement of experienced professionals.

For as long as most of us in the business can remember, major agencies have maintained heavily layered account service structures in which assistant account executives are managed by account executives, who are managed by senior account executives, who in turn are managed by account supervisors, and so on and so on. While titles may have changed, the layered structures really haven't.

Nothing about this system benefits clients:

- *Typically, work is delegated down to people with the least experience, generating predictable results, including inconsistent quality and significant rework.*

Poor quality work is one of clients' biggest complaints. Heavily layered structures require lots of rework and add tremendously to the cost of every assignment. It takes an inexperienced account executive a lot longer to write a press release versus a more experienced professional. While the junior person's hourly rate might be relatively low compared to more senior staff members, it still costs clients more to have junior staffers originate the work product. Add in all the extra hours required for the supervisor to inspect and fix that work and, guess what? The client better have a pretty big budget to pay for even basic work.

- *Hierarchical account service structures by their very nature are poorly designed to deliver proactive, strategic thinking or creativity.*

Hierarchical systems are much better suited to basic tactical work, where the assignment is already defined and the tasks are ready to be implemented without significant change. Beyond that, because most of the work is concentrated at the junior level, experienced staff is often too far removed from the client to be all that proactive, creative or strategic. Instead, they are bogged down in their roles as inspectors, too busy editing, rewriting and engaging in account management meetings to focus on what clients value the most.

Teams might achieve strategic and creative work anyway in spite of the system, but doing so is tantamount to "swimming upstream" — possible to accomplish if you're a good swimmer, but in conflict with where the current wants to take you.

At PainePR, our teams are designed to be proactive, with experienced, skilled people handling the day-to-day work, cutting down on the time more senior people have to engage in inspection and rework. This process frees up the senior managers to do what they're paid to do: provide strong creative and strategic leadership - a trademark of our agency and something we call Idea Leadership™.

- *Heavily layered account structures do a disservice to young professionals, removing them from day-to-day implementation too soon in their careers.*

As people move up in a traditionally structured agency and become higher paid, the present economic model quickly requires that they begin to spend more and more of their time managing and inspecting the work of others less experienced, versus doing the work themselves. Agencies do this to leverage their higher salary positions to produce more revenue. The problem is that people with less than four years of experience quickly find themselves managing teams consisting of people with even less experience. And that's the last thing clients want today.

With only four or five years of experience, most PR professionals are just beginning to reach the stage where they offer real value to the client as practitioners, much less as managers. But in an agency environment in which there are so many layers of management, these young employees quickly figure out that their success is defined by the importance of their title and the number of people they manage, not how proficient they've become at diagnosing their clients' communications problems, developing national story angles, positioning new products and solving difficult client issues.

At PainePR, we firmly believe that public relations is a practice, like medicine or law, and it's a field that can take many years to master.

The worst thing practitioners can do early in their careers is find themselves in management roles, overseeing teams of junior staff members instead of practicing the profession themselves and refining their skills. These younger professionals should be writing, pitching reporters, solving problems and working with their clients on a day-to-day basis. They shouldn't find themselves immersed in personnel matters, preparing bills, running team meetings and otherwise working on projects that have little to do with what their clients really need.

- The fact that so much work is being handled at a relatively junior level has weakened the already strained relationship that exists between the public relations industry and the media. People with more experience in the field need to be directly involved in media relations to ensure that PR firms develop higher-quality story angles and, when needed, are capable of pushing back on clients when stories need more work before being pitched to reporters.

Reporters rarely have good things to say about the PR agency field. They are bombarded daily with pitches, many of them inappropriate for the reporter on the receiving end. Reporters complain bitterly that PR practitioners often do not know enough about the outlets they pitch, do not follow the reporter's past coverage, and pitch stories that simply lack news value. While the nature of PR is to aggressively sell story ideas in many cases, our field could certainly do a better job developing stronger angles before pitching reporters. But the reality is that with junior practitioners handling the bulk of media pitching, and experienced people bogged down with other inspection-related work, the ability of many firms to be thoughtful and skilled is undermined.

At PainePR we've proven that clients are best served by an agency service structure that has far fewer layers, less management and more day-to-day involvement of experienced staff members. At our firm:

- Traditional titles such as account executive, senior account executive and account supervisor do not exist. Instead, we have a single position, known as a Client Service Manager (CSM), responsible for handling day-to-day activities. When a CSM has more than enough work on their plate, instead of hiring more junior-level people to report to them, we hire additional CSMs to take on the work.
- CSMs at PainePR must have at least four and as many as seven years' experience in the business, and they have to pass an extensive exam that tests their writing, creativity and strategic problem-solving skills.

Commonly practiced compensation strategies that fall under the definition of performance-based pay are contrary to promoting cooperation, creativity and enthusiasm in the workplace. They undermine motivation, not inspire it.

Many agencies today are stepping up use of performance-based pay as a means of motivating their people. That's a bad idea. There are so many problems with performance-based pay — the concept of tying people's bonuses or a percent of their salary to meeting certain predetermined goals — that it would be impossible to mention all of them here. But there are two big problems:

- ① Performance-based pay often misdirects efforts, causing people to worry too much about how they make their bonus, instead of focusing their attention on how the firm overall can deliver great work for its clients. (Don't let anyone convince you they are the same.)
- ② Performance-based incentive programs often rely on the somewhat cynical view that people typically won't give 100 percent unless they are motivated financially to do so. At PainePR, we believe that concepts like excellence, hard work, dedication, cooperation and loyalty are naturally part of human nature — they are not created through financial incentives. In fact, if people don't behave in these ways, it's usually because the company motivates them not to.

People need to be treated well and to be competitively paid. But studies show the effect of a salary increase or bonus on motivation lasts only a few months, if that. Much more important over the long run are intrinsic factors such as how a person feels they are being treated, respected and appreciated.

Ultimately, the only competitive advantage companies have is the quality of the relationships they can build with their own people. And those relationships must be based on the same principles that make for good personal relationships, and usually money is less important than people think.

At PainePR, everyone in our firm is guaranteed 100 percent of his or her compensation without regard to any performance measures. In fact, salary increases are given out automatically on a person's anniversary date. No strings attached. Additionally, everyone receives a pro-rata share of the firm's profits at the end of the year, both in cash and in a guaranteed 401k match. That's everyone.

Agencies have an obligation to be completely open and honest with their employees, involving them heavily in decisions that impact them and the agency at large.

Quality relationships begin with trust, and trust is built through honesty. Agencies cannot expect to earn the full commitment of their people if they fail to involve them in decision-making, if they hide information from them, if they pay people with the same skills different salaries just because some people are better negotiators than others, or if they terminate them without proper notice and due process. People need to know they are valued members of the community, not simply tools to be used and discarded when no longer needed.

At PainePR, our Shared Value of openness means we share virtually everything with everyone. We publish our salary scales and make sure that all people are being paid fairly, based on their experience and the market value of their skills. We never secretly pay people with the same skills and jobs differently. We report our revenues and profits internally (even though we're a privately held company). We invite everyone to participate in our company-wide quality circles (affectionately known as QCs), where they have a say in how the agency is run. We also tell them the truth about their own performance through frequent career development reports, 360-degree peer reviews, and, whenever we can, we give them opportunities and time to fix issues that may arise.

Ultimately, we believe that public relations professionals are well-educated, responsible adults who deserve and have a right to be treated like skilled professionals and mature adults.

Agencies that rely upon profit centers and rigid practice areas, along with incentive-based compensation, breed competition and effectively stifle the natural sharing of ideas and resources. In so doing, they cripple their abilities to continually improve their methods or become effective learning organizations.

Agencies talk about wanting their people to work together, to share information, methods and techniques. But at the same time they introduce powerful financial incentives that discourage people from doing so.

Take profit centers for example. Whenever PR firms become larger, they seem to want to divide themselves into smaller independent business units, driven by the belief that decentralization creates a spirit of entrepreneurship, friendly competition, efficiency and better management.

While decentralization can be good when it is well designed to promote greater flexibility, it doesn't work at all if it stifles cooperation between groups and breeds competition. Unfortunately, that's what's happened at many PR agencies. To promote financial accountability, many firms turn regional offices, practice areas and even work groups into full-fledged profit centers, responsible for meeting their own financial goals. However, profit centers can be the antithesis of cooperation and collaboration, the lifeblood of any professional services business.

Distinct profit centers and practice areas within agencies (and often their leadership) invariably find themselves competing with each other for people, resources, clients and career opportunities. Furthermore, continual improvement methods simply are not possible when people are working in their own silos. For continual improvement to be possible and effective, everyone has to be part of a single system with a single aim — serving clients as well as possible.

In our view, agencies need to abandon or redesign the concept of profit centers and rigid practice areas in favor of a creating one system in which all members work together to achieve the single goal of serving clients best.

At PainePR, although we have separate offices in New York, Los Angeles and Orange County, and various areas of specialty staffed by professionals with expertise in those categories, none of these are profit centers. We have one profit center — the agency as a whole — and everyone works together to make us successful financially and otherwise.

Because we see ourselves as one company, not separate practice areas, departments, offices or business units, we have been able to preserve and foster the natural tendency of people to work collaboratively. That commitment to teamwork, in which everyone is pulling for everyone else, has resulted in widespread idea and resource sharing. And it's produced the kind of creativity and service that has made us an award-winning agency.

At PainePR, we strongly believe in these management philosophies, practices and values. We practice them daily and they work in real life, with real clients and involving real people. We are far from perfect and we may not have all the answers. But we do have a new way of doing business and we have the results to prove it's a better way.

To learn more about us or to comment on our Manifesto, visit our Web site at www.painepr.com, or visit us in person at our offices in New York, Los Angeles or Orange County, Calif.

PainePR. The revolution starts here.

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