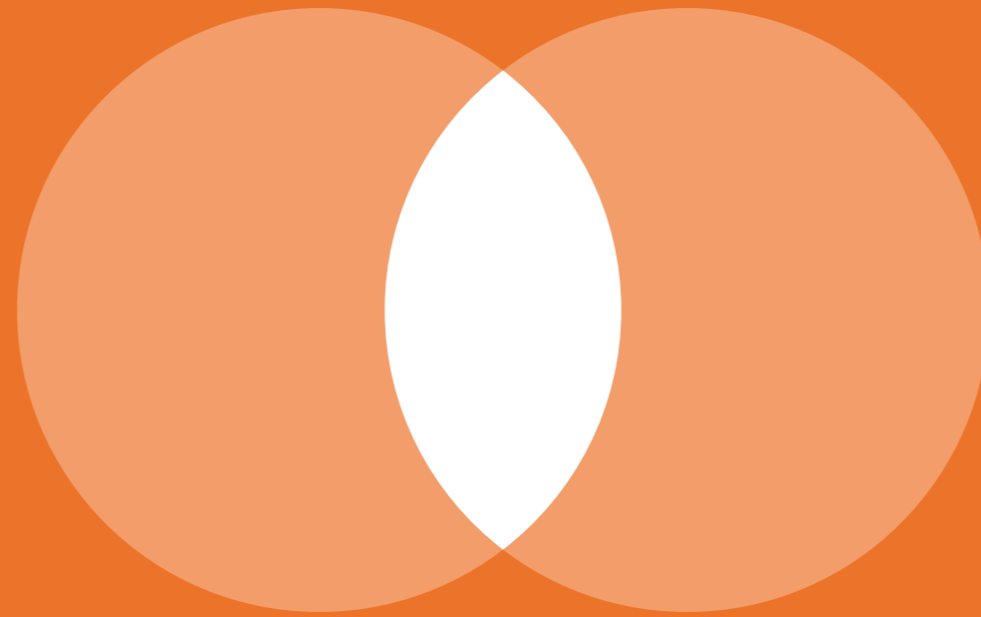


EXPLORING THE PUBLIC RELATIONS AGENCY BUSINESS

#FutureProof | PRCA | ICCO



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SECTION

01

INTRODUCTION

Building better public relations
agencies

EXPLORING AGENCY BUSINESS MODELS



Stephen Waddington

Partner and Chief Engagement Officer, Ketchum

This project set out with a bold and simple ambition: to characterise a cross section of agencies that make up the modern public relations business.

Progressive public relations agencies are rapidly modernising. They are embracing new skills in data, research and paid media, and are investing in creative teams.

The public relations agency sector is strong. Profits are healthy in well-managed businesses, and the market overall is growing according to both the PRCA and ICCO.

Innovation is everywhere in practice from freelancers through to the largest agencies.

However one area in which there remains surprisingly little innovation is around billing models. The dominant structure continues to be fees charged on an hourly basis, albeit on retainer or project basis.



These are the headline findings of this #FuturePReef project on the future of the public relations agency, backed by ICCO and the PRCA.

The project identified eight drivers of change in the agency business.

Value

1. Public relations is outsmarting rival disciplines through innovation. It is helping clients build better organisations. Therein lies its future, and huge value.

Drivers of innovation

2. Clients, shareholders and staff are the three drivers pushing agency-owners to build better businesses. That can only be a good thing.

Opportunity

3. There's a chasm emerging between the business model of traditional agencies, and the demands of modern clients. Smart agencies are building businesses in this space.

4. Agencies are limited only by their skills and ambition. Small agencies are able to compete with large thanks to communications and travel.

Billing models

5. Agencies are simple businesses that are well understood by clients. Innovative business models threaten clarity and risk confusion.

6. Better measurement systems are fundamental to business model innovation. It remains a work in progress for agencies.

Service innovation

7. Core services within a modern agency include storytelling, creative and content, as well as paid, earned and shared media, as they shift from traditional media and publicity based services.

Threats

8. A shift to 24/7 working and the cost of infrastructure are two big issues that need to be tackled by public relations agencies.

Project ambition: characterise agency models

The goals of the project were straightforward. We wanted to build on the issues raised in #FuturePReef, the project developed by Sarah Hall to explore the future of public relations.

We wanted to identify how agencies were responding to the shifting client and media environment.

The project started with a roundtable at the PRCA in London, where we debated some of the macro issues.

My thanks to the following people for helping set the agenda for the project: Sam Theobald, Text100; Alicia Mellish, Stir PR; Colin Cather, Bottle PR; and Dominic Shales, Lexis.

Next, we reached out through the #FuturePReef community, ICCO, the PRCA, and via personal networks, and invited agency bosses to tell us about their businesses.

We've worked hard to get a cross section of contributions but also to balance the gender diversity of contributors. The public relations profession is frequently criticised for poor representation of women in senior positions. Female contributors to this project outnumber men.



We wanted to cover a broad cross section of agency services and types:

- Business types – freelance, owner-managed, independent and public; regional and international; specialist and integrated
- Agency models - project, retainer, payment by results and performance based
- Services - creative, integrated, earned, paid, shared and owned

We asked about the shape of each consultancy, and their responses to the demands of modern clients.

Thank you to the contributors

Seventeen agency bosses have candidly laid bare their agencies. Trade associations have also shared their expertise.

My thanks to Francis Ingham for supporting this project on behalf of ICCO and the PRCA.

Thanks also to all the contributors:

Ruth Allchurch, George Blizzard, Alison Clarke, Colin Cather, Julius Duncan, David Gallagher, Jim Hawker, Nicky Imrie, Dieter Lloyd, Pam Lloyd, Ella Minty, Alex Myers, Laura Richards, and Renee Wilson.

You'll meet them all in the essays that follow. Each contribution contains valuable insights. I hope that you find them useful.



About Stephen Waddington

Stephen is Chief Engagement Officer, Ketchum, and Visiting Professor in Practice, Newcastle University. He is a Past President of the CIPR, and previously co-founded and ran his own agency.

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FUTUREPROOF: CROWDSOURCING THE FUTURE OF PUBLIC RELATIONS



Sarah Hall

Editor, #FuturePReof, and Managing Director, Sarah Hall Consulting

The #FuturePReof project brought together thinkers and doers in an uplifting study of the future of public relations.

#FuturePReof was launched in November 2015. Featuring 35 leading public relations professionals, the book's aim was to remind public relations practitioners and the wider business community of the value of public relations and assert its role as a management discipline.

The reception to the book has been extremely positive. More than 1,800 downloads and 100 hard copy sales later, practitioners are still sharing their favourite chapters and feeding through their own thoughts on where the public relations industry is headed.



A series of events has been organised across the UK looking in greater depth at the opportunities and challenges faced.

From emerging areas of practice such as public relation's shift towards paid, how to map workflow and freelance business models, to more traditional topics such as measurement and evaluation, ethics and stakeholder management, #FuturePProof has generated much food for thought.

This practical guide aimed at driving up standards has instigated debate about how our profession can better professionalise and innovate. It has also provoked discussion about how we stay fit for the future and prevent other marketing disciplines from stealing our turf.

#FuturePProof PRCA and ICCO policy unit

Work hasn't stopped there. We've continued to build the community and challenged people to apply their expertise to the future of professional practice.

Francis Ingham invited Stephen Waddington and I to create a policy unit and work with the PRCA and ICCO to think through some of the issues raised by the #FuturePProof project with PRCA and ICCO members.

Just four months on we are now publishing our first white paper on agency business models for the PRCA and ICCO, one of three we have committed to in 2016.

In this whitepaper, a progressive group of agencies is seeking to break with tradition. Each consultancy has carved its own niche and some are moving beyond people to charge not for time but for creative, insight, and results.

These are real pioneers and I'm grateful to everyone who contributed for their generosity in sharing their knowledge and the lessons they've learned along the way.

Many of the discussions generated by the book and this first project have identified a number of topics and issues that we'll develop in the second edition of #FuturePProof which will be published later this year.

A call out for contributions will be made once the final book spec has been confirmed, so please do join the community if you'd like to be involved.

To download the book and for more information visit:

www.futureproofingcomms.co.uk, join the Facebook group and follow @weareproofed on Twitter.





About Sarah Hall

Sarah is founder and managing director, Sarah Hall Consulting.
Previous agency roles have included Golley Slater and Robson Brown.

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SECTION

02

MARKET OVERVIEW

Trade associations and
intermediaries

THE PUBLIC RELATIONS AGENCY BUSINESS IS IN GOOD HEALTH



Francis Ingham

Director General, PRCA and Executive Director, ICCO

The story of public relations agency is one of constant innovation and evolution but the business fundamentals remain strong.

Any overview of the public relations agency scene must start with the undeniable truth that it is growing, and doing so in every region of the world.

We know from the ICCO World Report that agency income grew by 7% in 2015, breaching the \$13 billion mark; and that agency employment grew from around 80,000 people to more than 85,000. Moreover, this growth is not an aberration – agency income has grown in every one of the past five years.



In challenging economic times, the public relations agency story has been one of success in the face of adversity.

It's easy to ignore the good and concentrate instead on the areas where improvements could be made.

This first #FutureP Roof report, sponsored by ICCO and the PRCA, has some great thoughts on addressing these, and many other issues.

Each contribution is well worth reading, studying, and learning from the brainpower of others, who are offering their thoughts for free in the spirit of industry collaboration and learning – itself a great feature of our industry.

But one theme stands out for me - our industry needs greater confidence in itself, in its story, its future, and its value to organisations.



About Francis Ingham

Francis is the Director General, PRCA and Executive Director, ICCO. He previously worked in leadership positions at the CIPR and CBI.

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REDESIGNING THE PUBLIC RELATIONS DISCIPLINE AT US AGENCIES



Renee Wilson
President, PR Council

Public relations is outsmarting rival disciplines through innovation. It is helping clients build better organisations. Therein lies its future, and huge value.

Is your public relations firm prepared to navigate uncharted territory? Does it have the courage to move from its comfort zone? If not, it had better learn quickly. Clients are expecting it.

According to a 2015 survey of global marketers conducted by Relationship Audits & Management, clients feel that answering the brief is often simply a 'hygiene factor' of the engagement.

"Many clients are looking for the agencies firstly to add to their brief, and go beyond and think into the future," said Simon Rhind-Tutt, the company's founder and managing partner.



“This is one of the things that differentiate agencies that are successful versus those that are not, that is the ability to lead into the future.”

Fit for the future

Design thinking is a hot area in business strategy, and for good reason. By putting an emphasis on future conditions rather than current needs, this approach can rewire an organization to compete at the highest level.

More and more US public relations firms are harnessing the power of design thinking, through the lens of the client; from the service they provide, to the products they offer and to the culture they're building.

They are being more creative, more analytical; they're embracing complexity, engineering innovative partnerships and building opportunities for those who come after us. They are embracing breakthrough innovations such as programmatic buying, which has the potential to turn great content into commerce.

Designing better businesses

As a result, US firms that are moving quickly to evolve are gaining a greater share of the marketing and communications pie. You don't have to look hard for examples.

- 95% of PR Council members report that clients are asking them to lead in content marketing; 70% say clients are asking them to lead in creative, and 34% of our members are now getting the opportunity to lead in paid media, a percentage that is surely to grow in years ahead.
- Last year, in a joint PR Council and Association of National Advertisers (ANA) survey of senior marketers, nearly two-thirds

(63%) said their top priority was Integrated Marketing. That might explain why our members are working with CMOs – in addition to CCOs - more often; in a 2015 survey, nearly half of our members (45%) said that working with CMOs was becoming a more common part of their job (up from 34% in 2014).

- Before I joined the PR Council, when I worked for an agency, I recall being in various client meetings watching in dismay as our strongest ideas got shunned simply because they were delivered by an account director rather than someone with creative or strategic planner in their titles.

Until recently, most public relations firms didn't have the planning department, or strategic insights personnel to support their strategic thinking. We knew how to create big ideas but not necessarily how to present them in data-driven, insightful ways. We do now. Not only is the planning function now evident in large multinational firms, but in the US, midsize and boutique firms are adapting similar structures. Agencies can now compete on their own, or fit easily into other structures.

Beyond amplification

The power of earned influence and earned media has never been greater, and no discipline is more hardwired than public relations to orchestrate conversations. Many organizations are finding their most powerful integrated communications platforms are built from the core of PR.

In the age of ad blocking, which hovers over other disciplines like the sword of Damocles, we're marching forward because we have the ability to create, own and amplify persuasive content that reaches influencers across all media.

No matter what an agency calls itself these days – PR, integrated communications or digital ninja powerhouse – those that possess



public relations thinking at their core are in a position of strength.

If we can lead our clients on a path toward a redesigned discipline, we will go a long way to securing our future.



About Renee Wilson

Renee is the President of the PR Council, the US trade association for public relations agencies. She was previously Global Chief Client Officer, MSLGroup.

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EVOLUTION OF THE AGENCY BUSINESS



Alison Clarke

Principal, Alison Clarke Communications

There's a chasm emerging between the business model of traditional agencies, and the demands of modern clients. Smart agencies are building businesses in this space.

This industry faces the biggest challenge in its history. Our business model was built on the premise of strong, creative talent bringing contacts, ideas and expertise to help solve client problems. All this was in return for an on-going relationship fee calculated on time.

It's an incredibly simple model and yet it has witnessed a paradigm shift that threatens its future. The fundamental elements of the model present a contradiction that we need to resolve – and fast.



We operate a fixed cost base of talent working in offices with technology and an infrastructure. Clients need flexible, fluid consultant relationships that are available 24/7 but purchased on an ad-hoc and project basis much of the time.

It's worth reflecting on the component parts of the model to see why a commitment to evolve is the only way to survive.

Talent: generation gaps

We have nothing to offer if we don't attract and retain the best talent. But this is an industry led by Baby Boomers at the top of the major holding companies and Gen X in the smaller independents. It has much to learn about how to motivate and inspire Gen Y, millennials and beyond.

The cost of talent acquisition is so much greater than talent development that we have to make it a priority. We still need to find new models of engagement with those generations that goes beyond flexi working and duvet days.

But it's not without its challenges. One consultancy statistic on churn revealed that over 60% of departures at junior to mid-level had left the industry altogether. This isn't just about promotion, pay and progression. This profession is tough and demanding and not as appealing to all as some of us might think.

Client need: knowledge, project driven

As in-house practitioners and departments become ever more sophisticated their demands and needs are changing. They want sector expertise, in-depth knowledge and understanding and increasingly they want to buy this on a project and ad hoc basis.

Commercial reality

Overlay the talent challenge and flexible client needs with a fixed cost heritage and structure and you can start to see the tension. This challenges growth, margins and both staff and client retention. We need to re-examine our offer as a matter of urgency.

As all sales best practice knows, this isn't about what we have, where we are and what we offer. It's about listening to what clients want to buy and how and when they want to buy it.

If we understand that we can start the process of redefining how we work, how we're structured and how we engage the finest talent in order to make us truly #FuturePROof.



About Alison Clarke

Alison is Principal of client advisory consultancy Alison Clarke Communications. She was previously CEO UK & Ireland, Grayling, and is Past President of the CIPR and Past Chairman of the PRCA.

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SECTION

03

AGENCY VIEWPOINTS

10 viewpoints on the provision of
agency services

FREELANCE: INDEPENDENCE AND FREEDOM OF CHOICE



Ella Minty

Ella Minty, Reputation Management Consultant

Personal empowerment and excellent work are the qualities of a micro public relations agency. But it's not for the faint hearted.

Profile: freelance agency

Insight: independent practitioners can operate at the highest levels in practice and are limited only by personal ambition and skills.

Being a freelancer in public relations is not a career choice contemplated by many although it should be. It comes with a distinct set of challenges and, at the same time, an abundance of opportunities and multitude of stress-tests.



To begin with, you need to have a very strong character and be an articulate individual: of utmost relevance is your ability to relate not just to the teams you are a part of or lead but, also, to weigh in the various agendas at play in a project.

Skills and continuous learning

Your listening and analytical skills are far more important than your oral prowess and a cautious yet polite approach to team and leadership dynamics will serve you best.

Being a freelancer is about independence and freedom of choice - the former comes from the lack of conventional office restrictions and latter from being your own master: you choose which clients you want to take and which projects to work on.

You don't necessarily have to be self-employed: you can hold a full-time/part-time job and freelance, too; sometimes you may even have another business to run.

Freelancing provides you with that special position to do what you want, how you want it and for whom you choose to do it.

You can't be a successful freelance without a very solid educational background and relevant training: you need to constantly study, read and keep abreast with the latest developments in your specialism.

Senior staff expectation

Freelancing comes with very high client expectations, generally surrounding you hitting the ground running: you are not a trainee nor can you be a junior. Clients and their staff look up to you and bring you in for your expertise – you need to prove your value and remember

that you have no safety blanket nor an agency to back you up: you're on your own.

Freelancing has its challenges: you work, lead and steer through different corporate and individual cultures, you manage in-house teams and direct agency staff, you become privy to all sorts of office politics and you may not have someone to pilot ideas or brainstorm with.

You need to be a self-starter and a very accomplished, self-sufficient individual. The most important part is to steer clear from egos.

Opportunities are never scarce when it comes to freelancing: you work on different projects, you get almost constantly professionally and ethically challenged and you need to quickly learn where the barriers are.

In doing so, you build some incredible networks that are much stronger than the usual coffee room chat and have much longer shelf-life. You also have the opportunity to assess your own knowledge gaps and those of others while mentoring, coaching, developing and setting up various corporate structures and teams.

The best part of it all is that, sometimes, when you look back and take stock of the impact of your work it can be hugely satisfying.



About Ella Minty

Ella is a Reputation Management Consultant, specialising the in the oil and gas, mining and waste industry. Her career includes leadership roles in public and private organisations.

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BUILDING THE WORLD'S BIGGEST VIRTUAL PUBLIC RELATIONS AGENCY



George Blizzard and Nicky Imrie
Founders and Directors, The PR Network

A network of freelance practitioners provides the expertise, flexibility and scale to work with large clients.

Profile: virtual public relations agency

Insight: a virtual agency made-up of independent consultants offers clients a breadth of flexibility

The explosion of the custom built economy means that businesses can no longer dictate their terms. Whether it's a suit or a car - customers know that someone, somewhere will be able to give them exactly what they want.



We used that insight as the bedrock of our thinking when we set up the PR Network in 2005. Instead of starting with a particular model, we started with a bunch of great independent consultants, and let our clients decide how, when and where they wanted to use them.

For ten years we have worked in a variety of ways, here's four of the most popular:

#1 Classic retainer

Amongst our many retained clients, we are the agency of record for Zipcar in the UK. Part of our appeal to a young, dynamic company like Zipcar is the breadth of talent to continually evolve our team to meet their needs e.g. having won the business to raise their profile amongst b2b and b2c audiences, we seamlessly switched to provide a public affairs programme to lobby Parliament. We've also launched the brand in Spain and advised on European strategy for public relations and public affairs.

#2 White labelling for agencies

We work with a growing number of UK and US public relations and advertising agencies. Some outsource particular areas of specialism to us where they don't have the in-house capabilities to cover a particular opportunity. A great example here is a UK tech agency that used us to help win and retain a brief to represent an African Government.

More commonly agencies will use us to provide a white labelled global or hyper local outreach, using our international and regional teams. Examples here include launching a major mobile phone network upgrade across major UK cities; and launching a ten country consumer campaign for a major automotive company. All behind the scenes.

#3 In-house extension

One of our clients is a major car manufacturer. Whilst its experienced in-house public relations team has the car industry media licked – it wanted to increase its profile in the luxury and consumer tech space. Having pitched against traditional agencies they chose us because we could integrate our team on site with theirs – reporting into our central team for support and guidance.

#4 Hub and spoke: international team

Most of our international work involves providing a central point of co-ordination. A great example of this is when Viagogo hired us to promote the brand in the Netherlands, Japan and Central / South America during The World Cup. With minimal internal resource to manage the team we also provide a UK-based hub to direct the team and provide one point of communications for the client. This test project was successful and we have worked subsequently with Viagogo on other multi-market projects.

We believe that versatility in terms of a broad range of skills and expertise, together with the ability to adapt to different client structures and resource needs will shore agencies up for the future, making agencies truly #FuturePProof.



About George Blizzard and Nicky Imrie

George and Nicky are founders of the PR Network, a 10 year old agency that delivers strategy and implementation for clients.

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SIZE ISN'T EVERYTHING, IT'S WHAT YOU DO WITH IT



Dieter and Pam Lloyd

Dieter and Pam Lloyd, Founders and Directors, PamLloyd PR

Small agencies with a strong proposition can compete nationally and internationally.

Profile: food specialist agency based in Bristol, UK

Insight: clear focus provides discipline, expertise, excellent work and longstanding client relationships

In the dozen years since Facebook launched, we've lived through the financial crisis, and the landscape has changed. Agency models, their people, skills and clients have all evolved. They've had to.

These changes have brought large, medium and small agencies into closer orbit.



Small agencies have developed a stronger consultancy offering by partnering with providers from other marketing disciplines. Larger agencies have developed low or no frills offers to enable them to compete at lower rates.

Some aspects of being small and sector specific remain, continuing to differentiate small outfits from medium sized generalist and large corporate consultancies.

Flat model, skills agility

Agility is much overused, but agility in a small agency is demanded every day. Despite the changes in the competitive environment, the small agency structure remains flat because it has to. Small agency teams are widely skilled generalists. Everyone is involved in project implementation every day.

Focus on marketing expertise

Making the decision to stay small and sector specific has other advantages. If the business objective is to develop team expertise through continuous learning, rather than growth for its own sake, the specialist agency can disregard projects outside its sector. It keeps the agency proposition simple.

Client acquisition and retention through focus

Agencies have been under pressure to skill up on all things digital. The dominance of online media over print media fighting to keep its place and the power of social channels mean that those who failed to adapt have failed to survive.

There is renewed opportunity for specialists. Prospective clients are uncertain about customers' behaviour and worried about market

disrupting competition. They are often reticent about committing to a full campaign. Instead they have demanded ad hoc, project based services from sector specialists delivered using newly acquired skills.

The smaller budgets associated with projects also seem to militate against changing agencies for each project. The investment from both client and agency to understand each other leads to follow up work, shared learning and combined skills development which strengthens the relationship.

Skills development

The threat to small sector specialists now comes from skills specialists in other marketing disciplines - SEO, design, experiential - all claiming to tell the product or service story like public relations through content creation and dissemination while also offering paid media experience, data analysis and insight. To compete small public relations agencies have had to acquire these skills.

Flat and agile is likely to remain the prevalent small agency model. Partnerships with skills specialists (SEO, research, data science) will also be important to improve the combined competitive offering to clients.

The pressure is now to recruit skills outside media relations. In a specialist agency each team member needs firstly to be enthusiastic about the chosen sector. Traditional public relations skills are still relevant combined with new disciplines which are now equally important.

The desire to learn, the right attitude and organisational ability remain vital. Recent recruits to PamLloyd PR come from recruitment, film making, fashion and the public sector; united by a common love of food.



Our most pressing challenge is talent retention. Small sector specialist agencies are not for everyone.

In the past five years experienced professionals have left our business and exited the profession entirely for one or more of the following reasons – more money, less money, less stress, more stability. The tasks we face are how to retain multi-skilled people and continue to evolve our offer to keep existing clients and attract new ones.



About Dieter and Pam Lloyd

Dieter and Pam Lloyd are Founders and Directors, PamLloyd PR, a specialist food agency.

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AGENCY BASICS: CLIENTS AND PEOPLE, HOURS AND FEES



Ruth Allchurch
Managing Director, Cirkle

Agencies are simple businesses that are well understood by clients. Innovative business models threaten clarity and risk confusion.

Profile: consumer brand public relations agency

Insight: procurement-led client relationships leave limited opportunity for business model innovation

In an increasingly cost conscious, post-recession landscape, clients are consistently looking for efficiencies, economies of scale and value for money with their third party partners.

The role of procurement within businesses is increasing and they are flexing their muscles more within the public relations agency market.



Straightforward businesses

Agencies need to maintain profit margins in order to survive and there needs to be science and rigor applied to managing each one and its people. This is where, in my opinion, maintaining a healthy 55% staff cost/income ratio is critical and where charging an hourly rate can be enormously beneficial as it is an effective way to keep track of client spend and man hours within the agency.

Clients know exactly what they are getting for their investment in terms of time and the agency knows exactly how to track capacity within the team, if the fee estimate is right from the off.

The traditional agency model of charging by the hour has allowed for and continues to allow for accurate costings and budgets to be presented to clients in a language that they understand. Clients can compare and contrast agencies before they appoint who they want to work with based on cost alone.

But this is a dangerous strategy, no? Surely one hour spent on coming up with a killer strategy or brilliant creative idea is not the same as one hour spent selling in a press release – or is it? How can we estimate effectively for the creative process? Immediately this throws up a flaw within the traditional model. Should we be vetted on cost alone?

Standing up for value

It is far too tempting for clients to hone in on our rate cards and be clouded by what they perceive to be better value than another agency.

There's a need for a wider context and I believe this requires confidence to stand up for our discipline and educate clients on the power and real value of public relations.

Some very profitable and successful public relations agencies have taken the bold step to move away from selling time to charging for insights and ideas.

So, is that working? Well they are making a profit so it must be, surely? But I don't believe it is that clear cut.

The first issue is how on earth can we monetise a creative process where the output is so subjective? It shows confidence and puts a different value lens on our industry which I'm 100% in support of.

However, only certain clients are going to buy this approach. I'm not convinced that procurement are ready to embrace this approach from agencies due to its ambiguity and lack of transparency. I also feel that it is inherently risky for agencies, not least because a client can always change the goalposts and require endless re-writes if they so desire. The impact on profitability could be fatal.

I think the model will change over time as it needs to. We should constantly innovate and push the boundaries as an industry and our pricing structure is no exception. Neither approach is foolproof but we need to find the confidence to approach our discipline from two perspectives – both value and time.



About Ruth Allchurch

Ruth is managing director, Cirkle and was named PRCA agency head of the year in 2015. She was previously Western Europe Head of Brand PR, Diageo.

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INTEGRATING PAID MEDIA INTO THE TRADITIONAL EARNED AGENCY MODEL



Jim Hawker

Founder and Director, Threepipe

A candid story about the challenge of modernising an agency from earned to paid, shared and owned.

Profile: digital marketing and public relations agency

Insight: integrating paid and earned across all types of media delivers strong results

In 2013 we made the decision to change our public relations agency model. This has been a costly and at times a pretty painful experience. It has meant learning to work with very different types of people and personalities and a very steep learning curve on all sides that had to be overcome.



In the process we have lost clients, lost pitches and at times even lost ourselves within the marketing mix.

All change: clients and media

At no time have I regretted it though as I passionately believe that the old ways of doing and measuring public relations are becoming redundant and even the least knowledgeable of clients recognise the need for change.

As I write this the news is breaking that The Independent newspaper is going digital and that the Trinity Mirror Group has made most of its local paper photographers redundant, in favour of taking more User Generated Content from social feeds.

It was Gini Dietrich that first devised the Paid, Earned, Shared and Owned (PESO) model and that has become the central part of how we are organised internally and how we aim to create client campaigns. If you wander around Threepipe you may at first glance not notice anything particularly different from most public relations agency offices.

Dual screens: data and content

Look more closely though and you will see half our team pouring over dual screens, churning through client data, as half of our agency income is now derived from paid media campaigns running through paid search and display advertising.

These campaigns demand people who understand data and analytics to very high degree and way above what you would expect from a public relations professional.

Having these data and analytical skills within Threepipe has become massively important in enabling us to be able to create a more data

led and integrated approach to our work. Increasingly we are running native advertising and social commerce campaigns through the content we are creating and the channels we are managing for our clients. None of this would be possible without the paid media skills within the company.

Paying your way

Paid media allows us to extend the reach and improve the targeting of the content we are creating. This combined with the data and analytical skills allows us to demonstrate impact and value of the client work in a much clearer way.

I meet many public relations professionals who shudder at the thought of a paid approach. But I increasingly wonder how they are running their campaigns. Even at the most simple level, if you want to run social media campaigns you need to spend money for that content to be seen and targeted.

Increasingly the social influencers who delivered earned media coverage are now being represented by agents who are demanding fees for content to be created because they know the value of their own networks.

As we enter 2016 I see media buying agencies pitching and winning social media accounts and I see search agencies winning public relations business. Both these disciplines understand the power of paid media which makes them a big threat to the public relations industry.

Public relations professionals need to be more open minded to the impact a paid approach can have, before another agency eats their lunch.



About Jim Hawker

Jim Hawker is Founder and Director, Threepipe. His career includes a variety of agency experience.

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COMBINING CONTENT MARKETING AND PUBLIC RELATIONS TO DELIVER RESULTS



Julius Duncan
Director, Remarkable Content

In the last two years Remarkable has evolved from a PR agency focused primarily on media relations to a full service agency with storytelling, creative and content at its core.

Profile: content marketing and public relations agency

Insight: every organisation needs to tell its story in a creative way across different forms of media

In 2014 Remarkable Group brought together a range of different communications specialists to create content marketing and PR agency, Remarkable Content.

A core skill set in the team remains public relations but focusing on creative solutions that drive media coverage, prompt direct public engagement, and protect reputation.



This storytelling core has been strengthened by the integration of a creative director, digital strategists, social media managers, content marketing strategists, designers, coders, videographers, copywriters, animators and sound engineers.

The decision to create Remarkable Content was in response to the market's demand for a smarter and more measurable type of content-led communications.

Moving on from media relations

The number of clients that will accept the vanity metric of media coverage as proof of value is shrinking rapidly. Smart and progressive clients want integrated, cross channel campaigns built around long-lived creative ideas that can tell a story over time.

They also require a clear and measurable link from this activity back to improved business results.

Building content and production skills in-house

Running an integrated agency model like this and keeping the team well utilised is a more involved challenge than feeding a simple public relations model. One thing you have to get right is a business development approach that creates the profile of work where all specialists can be well utilised. Of course many agencies manage this utilisation challenge by taking the freelance route.

However, we believe it is important to have core skills amongst the full time team. This not only provides assurance on quality but creates a team with real skin in the game, and builds an environment where knowledge sharing and inspiration can thrive.

Managing a project with a blend of digital production, social media management, design and media relations takes more rigour in the

planning and project management phase. To achieve success it's important to have experienced, broadly skilled people who are experts in project management.

The benefits for clients are content-led campaigns that reach and then influence the behaviour of audiences across multiple touch points - social, print and broadcast, digital and real-world. Without a broader skill set, and broad mind-set, this cannot be achieved.

For one of our clients, a London based property developer, the benefits are stacking up. This company had the foresight to seek a content-focused communications agency that could get a splash in the Evening Standard but also thinks more broadly.

A content strategy workshop at the outset of the campaign created a consistent customer journey across the website, social channels, paid media, earned media, and at events.

By creating this joined up customer experience we are achieving greater engagement rates and Google Analytics show that visitors to the developer's website from social media are converting into enquiring customers at a higher rate than any other traffic source.

This type of measurable return on investment (ROI) is possibly the greatest benefit of running a fully integrated model. It enables us to prove to clients that taking a progressive approach to communications creates business value, and drives their commercial results.



About Julius Duncan

Julius is Director, Remarkable Content. He previously worked in-house and agency-side in senior roles at companies including Edelman, Finsbury and Pearson.

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PERFORMANCE PUBLIC RELATIONS



Alex Myers

Alex Myers, Founder and Managing Director, Manifest

Manifest is making a bid to break away from the fee based business model and apply performance marketing techniques to public relations.

Profile: integrated social media, content marketing, inbound marketing and video production

Insight: creating a new business is a way of incubating a new proposition and business model

In my chapter in the original #FuturePProof book, I asked the question how do you charge for awesome?

Although deliberately flippant, this question is something I had been struggling with for a while. In an industry where ideas matter most (and will continue to do so as the 'arms and legs' of the industry become



less valuable), it seems odd we all get paid by the hour.

We win a pitch because our strategy and ideas are the best, and our clients judge success by the business impact of our work, yet our fees are dictated simply by how long it takes us to deliver the campaign. We are a creative industry that charges like a cleaner.

As with so many things, we face a simple binary choice in this business: change the status quo, or become it. So how are we introducing new billing practices at Manifest?

The making of Naked & Famous

Naked & Famous is Manifest's sandbox. It's a testing ground for new billing models, new ways of working with clients and challenging the norms of the industry. When young brands or startups want us to work with them, Naked & Famous offers an affordable and versatile option.

They just need to be willing to try something new. We've stripped back the traditional agency structure, offering full transparency across everything (that's the naked bit), and we focus purely on the specific business results the client wants to see (the famous bit). It means we don't bill by the hour, we bill by how effective the campaign is.

Reward by revenue-share

Closed on Monday is an amazing male grooming brand and one of the first clients to take us up on our Naked & Famous service. Without any other external marketing behind them, we knew the business growth of Closed on Monday would be largely driven by PR, especially in the US where the brand has no resident management team.

Rather than suggesting a retained fee, we asked the guys how much of the cost of a product they'd be willing to pay for someone to buy it. To use an analogy with online businesses, we were co-creating a cost per

acquisition (CPA) rate.

We were then able to map out the projection of fees alongside sales, and overlay our expected minimum cost to agency for delivering a campaign. There's no cap on how much we can get paid, but importantly this billing model focuses our attention on delivering a creative campaign with optimal return on investment (ROI).

We also feel we can move outside of our traditional remit if needed, or if there's an opportunity. We can appoint third parties or commission research with our portion of the revenue share if we can see the numbers adding up.

It makes us feel differently about the money we're earning. It also means the end of the client/agency relationship; this is a business partnership. We're both working together to sell more products and build advocacy from the brand's customer base.

Innovation: making it up as you go

I freely admit that we're making this shit up as we go along, which might sound scary or lacking strategic calculation, but something I've come to realise is that this is how it feels to do something for the first time.

Like it or not, experimentation is the only way anything new comes about. Someone has to be the one to ask, "why not?"

When I asked James Adkin, Director, Closed on Monday about how he sees things working, he said, "The way our Naked & Famous billing is structured is a perfect demonstration of Manifest's alternative way of approaching any challenge – we have a revenue share agreement in place, replacing traditional billing practices and remarkably replacing the traditional client/agency relationship with something far more akin



to a business partnership.

“There is a genuine sense of collaboration flowing through everything we do. It shows an agency confident in its work, trusting in its approach and willing to invest in a long term relationship.”

Will revenue-sharing replace our traditional billing structure? Probably not alone – but offering it as an option for relevant briefs means that when we smash expectations, our fees surge accordingly, instead of hitting the glass ceiling of the hours we agreed we would spend on things.

We have certainly been involved in campaigns for the likes of BrewDog and Samsung where a revenue share would have better rewarded our creativity, and because of the way revenue shares restructure the working relationship, I don't think it would have had a negative impact on our relationship or perceived value-for-money.



About Alex Myers

Alex is Founder and Managing Director, Manifest, splitting his time between London and New York.

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THREE DRIVERS OF CHANGE FOR AGENCIES IN PUBLIC GROUPS



David Gallagher

Senior Partner and CEO EMEA, Ketchum

Three separate forces are working in tandem to drive network agencies to integrate operations and services with other members of the larger, publicly-listed group of marketing companies to which they belong.

Profile: international agency offering an integrated solution within a holding company

Insight: large agencies are using the advantage of networks and scale to drive efficiencies and tackle integrated opportunism

Clients and shareholders

One is a push for greater efficiency, which comes from clients and shareholders. Clients expect agency fees to reflect the value added to their own services, products or reputation, with little appetite for contributing to agency overhead and profit.



Shareholders have expectations for consistent, profitable growth of revenue, keenly interested in keeping operating costs to a minimum.

While clients and shareholders have always had these interests, the market now seems acutely sensitive to inefficiencies. This may be due to relatively slow or weak economic growth generally, a growing supply of lower-cost digitally-enabled service providers, and the potential of big data marketing services to reduce or eliminate unnecessary costs.

As a result, many agencies are already integrating back-office operations – HR, IT, finance, real estate, among others - while quickly mobilising to offer clients low-fat service propositions that reduce redundant management touch-points, automate reports and slash commissions or extend payment terms.

Expert knowledge: sector and skills

A second driver is specialisation. Generalist public relations services of the past have fragmented into highly specialised areas of knowledge (including industry, sector and market expertise) and skill (including project management, research and analysis, creative development, content creation, and community management, among many others).

No one agency can develop the specialist expertise required by today's client quickly enough or at sufficient scale on their own, so they seek complementary partners to offer integrated service propositions.

Tackling integrated opportunities

And a third force is opportunity. Practitioners that look at communications challenges holistically and objectively recognise a market open to finely tuned solutions – those that include the best mix of earned, paid, shared and owned content.

The challenge is to offer a perspective beyond a native discipline or

expertise that sees and applies the right combination and sequence of activities across channels.

Groups like ours deliver this by offering learning and networking opportunities across the network to raise capabilities generally; through specially selected and trained accelerators to manage integrated assignments; and now, increasingly, by physically locating agencies together in campus-like spaces to make collaboration easy and efficient.

Even with these features, integrating operations and services isn't easy. Client priorities vary widely and make a 'standard' approach difficult, and while there's a lot of talk about moving beyond an hourly-based fee structure, few viable alternatives have emerged.

The biggest challenge may be the insecurities or arrogance of practitioners as we contemplate a market in which what we know or do, won't always have the same value as it once did, at least in comparison to experts from other disciplines.



About David Gallagher

David is Senior Partner and CEO EMEA, Ketchum. He is a former ICCO and PRCA Chairman.

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RECOGNISING THE VALUE OF RESULTS THROUGH SMARTER MEASUREMENT



Colin Cather

Creative Director, Bottle

Smarter forms of measurement may offer agencies the potential for alternative, reward-based, billing models.

Profile: brand communications agency that specialises in public relations

Insight: measurement is the barrier to innovative billing models

We don't have payment by results, yet, but we do have an increasingly clear view of the results we can achieve, and a sense of the relative value of those results to clients.

What are the results? Well, I think that's quite easy to describe. We create stories designed to make people care more about the brands



we are working for. We build meaningful brands.

We aim to create long-term shifts in perception and salience. Who else tries to achieve these results?

Advertising, that's who.

By that, I mean that some advertising, and the version of public relations that we are delivering, are both trying to build brand value. We want to grow awareness and reach new audiences with stories that forge a stronger connection between the brand and the audience. And to strengthen the brand connection with existing audiences.

But how do we measure those results? I think they are equivalent to advertising value.

We are trying to shift the same needles-on-dials that advertising is trying to shift. The real problem, for me, is that even advertising doesn't have a good measure of its own value.

If we are to solve the problem, public relations should have shared language with the rest of marketing disciplines.

Marketing vs. public relations

I have met some - both long-in-the-tooth leaders and fresh-faced graduates - who don't even see public relations as part of the marketing function. And, problematically, I have met prospective clients whose public relations function is detached from the marketing function.

That can't work. We are trying to achieve the same things - the same results - by different, complementary, means. Usually in different channels, and with different forms of content.

Public relations often has to persuade intermediaries to tell a story for us such as bloggers and journalists. But that doesn't mean we need our own language of reputation and trust.

Measuring the value of public relations

If we are talking to the client's finance director about where they can see this value added, then it is in the brand equity. It's on the balance sheet, and not the profit and loss account.

It's in the share price, not the sales volumes.

It's in the share of market, which is why setting a measurement dial on share of voice (SOV) has some appeal because there are proven links between these two.

But because the channels we often operate in represent 'infinite' space, then it's not an absolute measure of SOV. But it can be a relative measure.

And because SOV is too crude, it doesn't measure the quality of the story, then it needs to be SOV on meaningful topics and themes, versus competitors. All of this is measurable.

I know this shouldn't be the only test, but we have found that clients - right up to board level - understand these things. The measures have face validity, and they help us to have integrated and purposeful discussions with the other agencies we are working with.

Then together we can get a shared set of measures, of our combined added brand value. And then we can begin to talk to clients about linking reward to results.



About Colin Cather

Colin is Creative Director, Bottle. He previously worked client-side in brand marketing roles.

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PLATFORM SERVICES: PUBLIC RELATIONS



Laura Richards

Marketing & PR Manager, Northstar Ventures

A North East based venture capitalist adds value to investments with services such as public relations.

Profile: venture capitalist offering agency services to portfolio companies

Insight: portfolio companies in a group benefit from centralised support services

Northstar Ventures is a venture capital firm dedicated to supporting high growth SMEs and high impact social enterprises. We employ a full time Marketing & PR Manager to look after all in-house public relations activity. In addition to traditional in-house public relations, we also offer public relations support to our portfolio companies, as part of our developing venture capitalist platform services.



The platform services model

The platform services model is already comfortably established within leading venture capital firms.

International venture capitalists such as Andreessen Horowitz and Index Ventures make in-house specialists available to their portfolio companies to support with functions such as HR, recruitment, marketing and public relations, and business development.

These specialists are employed by, or on retainer for, the venture capitalist firm with services available to all investees for free or at a reduced cost.

At Northstar Ventures we are beginning to develop similar resources, initially offering the support of our Marketing & PR Manager to the companies we have invested in. In time we plan on developing this service to include not only committed support for public relations activities, but also functions such as finance and HR.

A resource for portfolio companies

Since beginning to offer support with marketing and public relations, we've seen interest predominantly from early stage companies who are either focusing on scaling their businesses, or launching a specific product or service.

Companies are typically only beginning to think about public relations strategies; some do not have the resources to hire someone in-house or pay for agency support while others are uncertain about what support they need.

In the last six months Northstar has provided support by way of: training on specific skills (e.g. writing and distributing press releases); advice on developing annual public relations strategies; hands-on support planning and implementing media and content strategies; signposting relevant training and agencies; and recruitment advice.

The dynamics of deal flow

The market for deal flow is very competitive: venture capitalist firms compete to attract the best companies looking for equity investment. One of the reasons we are developing a full range of platform services at Northstar is to establish us as the venture capitalist firm of choice to start-ups.

The most significant challenge with developing platform services is the time and resources required to implement them properly. As we are in the early stages of testing the demand for this additional support, the responsibility for all activities lies with our in-house Marketing & PR Manager.

Thus the challenge is to ensure that there are no conflicts of interest and that Northstar's own public relations activities are not neglected.

On the flip side, the main benefit of offering platform services is in helping early stage businesses access skills and knowledge they may not otherwise be able to access; in demonstrating the value of public relations to early stage start-ups, we can encourage them to build it into their business development strategies.

Additionally there are opportunities for us to increase awareness of Northstar Ventures itself, either through direct mentions of Northstar in portfolio public relations activity, or via word of mouth recommendations.



Adding value to investments

Northstar Ventures currently pays for our in-house Marketing & PR Manager, covering the cost for time spent with portfolio companies. The value to Northstar is two-fold: firstly as we have invested in all the companies we offer public relations support to, their success has a direct impact on us. By providing additional services that can help investees better run their companies, we increase the likelihood that we will see a return on our investment.

Secondly platform services help Northstar establish ourself as a 'value added partner' to the firms we invest in, helping to differentiate us from other investors in the region. This can increase the value of our portfolio by positioning Northstar as the first choice for companies seeking investment.



About Laura Richards

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SECTION

04

FURTHER INFORMATION

#FutureProof PRCA and ICCO

A B O U T # F u t u r e P R o o f

#FuturePProof is a crowdsourced book and community curated by Sarah Hall with the bold ambition of asserting the value of public relations.

The aim of the book is to kick start the biggest conversation ever about the future of public relations and underline its role as a management discipline driving business success.

Featuring a foreword from Ketchums chief engagement officer Stephen Waddington, the 33 chapter book covers a wide range of topics affecting the managers of communications teams and agencies.

Chapters describe emerging areas of practice such as PRs move towards paid, workflow mapping and freelance business models, as well as more traditional topics such as measurement and evaluation, ethics and stakeholder management.

Since publication, the PRCA and ICCO are now working with Sarah, Stephen and the #FuturePProof community on policy development.

If you'd like to know more or get involved, visit:

futureproofingcomms.co.uk

[@WeArePProofed](https://twitter.com/WeArePProof)

[#FuturePProof Facebook group](#)

Download or purchase a hard copy of #FuturePProof





ABOUT THE PRCA

The PRCA promotes all aspects of public relations and internal communications work, helping teams and individuals maximise the value they deliver to clients and organisations.

The Association exists to raise standards in PR and communications, providing members with industry data, facilitating the sharing of communications best practice and creating networking opportunities.

All PRCA members are bound by a professional charter and codes of conduct, and benefit from exceptional training. The Association also works for the greater benefit of the industry, sharing best practice and lobbying on the industry's behalf e.g. fighting the NLA's digital licence.

The PRCA represents many of the major consultancies in the UK, and currently has over 350 agency members from around the world including the majority of the top 150 UK consultancies.

The PRCA also represents over 250 in-house teams, including many of Europe's leading corporations and UK public sector organisations, as well as individual and freelance PR and communications practitioners.

prca.org.uk
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ABOUT ICCO

The International Communications Consultancy Organisation (ICCO) is the voice of public relations consultancies around the world. The ICCO membership comprises national trade associations in 32 countries across the globe: from Europe, Africa, Asia, the Americas and Australasia. Collectively, these associations represent over 2,500 PR firms. ICCO provides a forum for senior management of the world's best PR consultancies to meet and address issues of mutual interest and concern.

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