



WHITE PAPER

The New Public Relations Value Proposition for Today's Business Climate



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PR BOUTIQUES
INTERNATIONAL™



A Business Revolution: Smaller and Focused Means Faster, Smarter Results

If the recession and the re-structuring of the world economy has taught us anything, it is that “bigger is not always better.” Multiple industries are seeing smaller boutique firms proliferate, in industries from law to executive recruiting. The public relations sector can be added to that list, as boutique PR firms are now the smart value proposition for firms in all industries.

Being Consistently Connected is a Way of Life for Businesses

Think for a moment about the momentous changes that have occurred since we all survived Y2K and entered the 21st century. The Internet is no longer a “boom.” It’s part of virtually every smart tool we use. Social media has taken over our lives. Events and crises impact the entire world in a few seconds. Never has it been more challenging for businesses to stay ahead of the competition, to deal with global regulatory and economic forces at the micro and macro level, and be the first to innovate and the first to market.

Communications to and engagement with all stakeholders are a critical part of this business success today. An incident at a remote location can erupt into a global crisis in a day. Global

Multi-Industry Trend: Small, Nimble Companies on the Rise

“Clients want it faster, cheaper, better” – Bob Benson, former partner at *Spencer Stuart*, one of the world’s leading executive search firms, who now heads his own consulting/executive search business.

Today, smaller-focused companies and organizations are thriving in today’s economy as a result of globalization, as well as the digitalization of the business and economic world. These companies can have a big impact, with fewer employees and less overhead, and deliver top-dollar quality care and interaction with clients and customers.

Industries as diverse as law and executive recruiting are undergoing a sea change as technology and clients’ expectations are driving challenges to traditional practices. Clients want to avoid large fees, inefficiencies, overstaffing, and poor account oversight and want more face time with seasoned staff.

The legal profession in the U.S. is currently undergoing such a transformation. Since “Bloody Thursday” in 2009, when eight major law firms announced layoffs of nearly 750 attorneys and staff, leaner and more cost-effective firms that are well-versed in the use of legal technology are flourishing¹. Seasoned attorneys interested in independence and entrepreneurship offer clients personalized counsel at a steep discount from the prices charged by major law firms.

These leaner, innovative firms are offering more experienced attorneys, more direct interaction with clients, and lower fees. In the accounting industry, lesser-known national and regional public accounting firms offer improved employee retention due to better working hours, and partner involvement in all engagements. A niche focus enables these smaller firms to have a thorough understanding of the complexities of their clients’ businesses.

Technology has been key to upending industries traditionally dominated by large players. The \$10-billion global executive-search industry has undergone a shake up as large companies seek to avoid traditional fees that can run as high as 40% of a new hire’s first-year compensation. Increasing competition has come from entrepreneurial innovators who make use of technology and social marketing to find talent. In retail banking, the use of mobile, cloud-based service platforms has enabled challenges from new, non-traditional banks. Across industries, the use of social media and Internet technologies have broken down traditional barriers to entry and made way for new, more nimble players to thrive.

¹Law 360, ‘Bloody Thursday Claims 748 at US Law firms <http://www.law360.com/articles/87260/bloody-thursday-claims-748-at-us-law-firms>

marketing requires a deep understanding of a rich, multicultural world. Work teams must be connected 24/7 and capable of interacting and executing a smart, thoughtful strategy. No longer is any customer segment satisfied with monolithic communications dictated from a corporate ivory tower. No longer can companies control information with the occasional news release. The new standard of communication is constant, ongoing accountability and, in many instances, with customers driving the communication bandwagon.

The recent recession has sharpened every company's sense of what real value is. ROI is the mantra today. Faced with lean organizations and intense financial pressures, companies are looking for results. In the past, firms may have sought confirmation that they were making the right decision by picking the largest firm for their communication needs. Their communication partners today are required to possess a brand, image and impressive brick and mortar office. Today, it's about results.

This changing business landscape has fostered the success of a new type of PR agency. Just as small, entrepreneurial innovators have become a force within business, so “boutique”, PR agencies, helmed by seasoned professionals who are veterans of major corporations and international PR firms, have emerged as a viable and often preferable alternative to the large, international PR firms.

Experts believe that these public relations organizations are thriving in our digitalized culture because they are adapting to the new landscape of constant connectivity and bringing to the table what businesses really want – strategic counsel, big ideas, and creative problem solving.

In fact, the *USC Annenberg School of Communication and Journalism* reports that **for the first time, clients are hiring PR representatives for their creativity rather than for the extra arms and legs.** PR agencies today are less outsourced brawn – more manpower to accomplish a task – than brains.

The PR boutiques are the brainiacs of the PR world. Their principals sit across the table from the senior executives of their clients, bringing their years of experience and insights for budget levels that would never get this type of senior level attention from a big firm. They listen, react and execute in order to produce results in a fraction of time and cost that a larger monolithic agency could do. Instead of teams

of junior staff, and layers of bureaucracy, companies get top tier experience, nimble and flexible talent, and most importantly, results.

As a result, smaller boutique PR organizations are on the rise. Over the last several years there has been a dramatic increase in boutique public relations organizations as they have proven themselves in the multinational PR market.

According to the 2014 World PR Report² which examined international growth for PR firms in 2013, small specialized PR firms grew more than their larger competitors. Independent PR firms grew 12.5 percent, whereas the publicly-owned MNC firms (multinational corporations a.k.a. the big guys) only grew 6 percent.

“It’s not entirely clear why this should be. Perhaps they [industry’s flagship agencies] are restricted from expanding their offering out of a concern that it will cannibalize sister agencies; perhaps their sheer size makes them less flexible or less nimble in times of rapid change; or perhaps holding company profit targets make it more difficult to make the necessary investments. Whatever the cause it is clear that they are losing market share to midsize and independent firms.”

– Paul Holmes, CEO/publisher of the *Holmes Report*

While many large firms may boast offices around the world, their clients are increasingly realizing that ownership of agencies does not mean that there is collaboration between these agencies. Most often, each agency functions with its own P & L responsibilities, a factor that inhibits rather than enhances the motivation to collaborate. Smaller PR firms often have the upper hand as they are able to respond more rapidly than larger conglomerates.

With this major trend in the business world to select smaller PR companies, let’s take a look at the factors influencing organizational decisions to go with the smaller agencies.

²Holmes Report, 2014 World Report
<http://worldreport.holmesreport.com/>

Benefits of Utilizing Boutique PR Firms

Quick Responses to Events

Because of the ubiquitous of digital communication, it is important that a PR organization is constantly available and responsive. Collaboration between smaller agencies can be even more powerful than a large agency because they are able to work more quickly without dealing with bureaucratic hierarchies. There is no long chain of command to slow down the process.

A Higher ROI

All companies today are faced with financial pressure and look for a positive return on investment (ROI) for every investment they make. Clients are after concrete results and the greatest ROI with the fewest costs. This is exactly what boutique PR companies provide. Because the boutique agency is run by a seasoned professional, clients receive expert counsel without the costs associated with a big brand. Small PR firms can perform with low overhead and can pass those savings on to their clients.

Personalized Service

Boutique agencies are committed to personalizing their services in order to provide individual clients with what they need. Smaller startups receive the same attention as larger more established clients, in order to ensure that each client sees results. The senior level principal is involved with all clients, a situation that is unheard of with larger agencies.

Effective Collaboration Across Borders

Smaller PR firms are able to collaborate effectively across borders and respond more effectively to global and cross-border events. A team of smaller agencies can work together with senior leaders from each country and culture to ensure success on an international level. These leaders understand the cultural nuances of the individual market and can therefore navigate that market more successfully.

What Do Companies Really Want?

Organizations must look at a variety of factors when selecting a PR firm. In each area, the advantages of a boutique agency are clear:

The ROI

Larger agencies are more expensive than the boutique PR agencies, because they have a higher overhead and higher operating costs. Even large multinational firms often turn to boutique operations for better value for their investment. The specialization that is available at the boutique level is often quite expensive in larger PR firms. Many clients might not require the broader range of services of a multinational agency, and don't want to pay for services they won't use. Emerging entrepreneurial firms do not often have a large sum to spend on their public relations needs; with a larger agency, they will simply be lost.

Personalization

Because large PR firms manage so many clients, they often have a template they follow rather than tailoring their services to each individual client. Their one-size-

fits-all plan may be right for some, but other companies require a more tailored, customized approach.

Quality of Services

Today's emerging business might not receive the care and attention from a large PR organization that more established organizations with bigger budgets receive. There may be a lack of senior staff members on the team or not getting significant attention. Many firms have now had the unpleasant experience of meeting with the senior staff during the new business process, only to be turned over to the junior team once the contract is signed.

Response Time

Because of a lengthy chain of command, it often takes longer for these large PR conglomerates to respond to time-sensitive issues. In today's fast paced world of digital communication, everyone is reachable at virtually any time. The 24/7 connectivity of today's fast-paced world requires that PR companies be ready to act immediately. This means it is crucial that a company's PR representation responds quickly and effectively.



PRBI: A Solution for Today's Marketplace

In 2008, a collaborative network of 36 boutique PR firms was established to provide additional expertise to these smaller firms.

PR Boutiques International™ (PRBI) is a worldwide collaborative network of boutique PR firms whose principals are experienced practitioners who have held senior positions in large PR agencies and/or corporations but now put service first and work directly with clients.

Members of PRBI excel in meeting a huge range of client needs in a large number of industries, with services that include:

- Corporate PR
- Consumer PR
- Healthcare PR
- Investor relations
- Crisis management
- Business-to-business PR
- Economic development PR
- Not-for-profit
- Academia
- Government
- Financial
- Technology
- Legal
- Multicultural
- International PR

Member practitioners have won the highest levels of professional awards, and boast qualifications ranging from PhDs to former top journalists to attorneys. They also represent memberships in the most noteworthy international public relations and business associations.

Because this organization consists of smaller boutique PR organizations, it is able to provide several benefits that larger PR conglomerates simply cannot deliver.

Benefits of PRBI to Clients

Cross-Border Collaboration

With PRBI members located throughout the world, the organization is a viable option for managing the multiple international communications issues that most companies face today – from new product introductions across borders, where local sensitivities and market conditions are paramount, to crises that can impact the value of a brand on a global level.

International communication is increasingly important in this age of constant connectivity and cross-border collaboration is imperative for PR representatives. Dr. Timothy Coombs, author of *International Crisis Communication*, writes about the importance of communicating internationally during a crisis. Because goods and ideas are exchanged across borders, it is crucial to be able to communicate globally after a crisis occurs. PR professionals must be able to understand the regulatory differences in different markets and avoid ethnocentrism.

Because PRBI is an international network of boutique public relations firms, it is able to work with professionals in various countries to better understand the cultural nuances of a conflict, a product launch, or a corporate company.



Multiple Specialties Without High Overhead Costs

The members of PRBI offer the complete gamut of communications and industry specialties. With such a diverse array of members and experts, clients are able to find a resource to assist with anything from fashion to healthcare. The senior executives have the specialized industry knowledge to ensure success for the clients.

Specialties:

- Branding
- Communications strategy
- Content development
- Corporate communications
- Crisis communications
- Cross-cultural communication
- Event management
- Government communication
- Inbound marketing
- Internal communication
- Investor relations
- Media relations and training

- Sales and marketing support
- Social media
- Sponsorships

Industry specialties:

- Architecture and Design
- Arts and Culture
- Automotive
- Banks and Finance
- Beauty, Fashion and Lifestyle
- Business Services
- Chemicals
- Consumer Products

- Education
- Energy
- Environment and Sustainability
- Food and Beverage
- Healthcare and Pharmaceutical
- Insurance
- Law
- Non-Profit
- Public Affairs
- Publishing and Media
- Real Estate
- Retail
- Sports

While this range may be available within larger agencies, it is costly. In contrast, PRBI members can establish a team to meet the client's needs without high overhead costs. The result is higher ROI for the client.

Geographic Reach

If teams are needed in specific geographies, PRBI has sophisticated agencies that are ready to take up that responsibility. These real-time, experienced, feet-on-the ground agencies, are again, available without the overhead of ongoing salaries and expenses that drive up costs.

Working With PRBI Members: Easy, Streamlined, Results-Driven



PRBI's members work together as an effective team by implementing these guidelines:

- » **One general partner:** Though several smaller PR companies will work together with one client, one PRBI member will act as team leader to ensure clarity and accountability.
- » **Centralized billing:** The general partner implements centralized billing to make the process as smooth as possible. Though several members work with a single client, the client discusses billing with the member acting as team leader.
- » **All senior executives:** Accounts are led by a senior executive who previously worked for a larger agency and/or major corporation. They understand the corporate world because they've been there.
- » **Responsive:** Because there are no layers of bureaucracy to work through, these PR firms are able to work fast and act decisively. Smaller PR agencies are able respond quickly to new developments.

Working with PRBI

The way PRBI members work together to form cohesive teams enables clients to get the results they are looking for in this constantly evolving business world.

PRBI Case Studies:

The following five case studies demonstrate how PRBI members successfully address and resolve pressing issues for clients in the areas of crisis communication, corporate social responsibility, international product launches, multi-city events and multi-country expansion.

Challenge: Launching an International Product



Overview

PRBI is a solution for successful international product launches. The cross-border launch of Vacu-Seal is one instance where PRBI members collaborated to successfully market a product in several countries at a low cost. PRBI Canadian member, High View Communications, engaged U.S. partner Bridge Global Strategies to assist in the North American launch of Vacu-Seal, a hand-held vacuum sealer ideal for preserving the shelf life of food. The two firms worked within tight timelines to roll out the PR campaign in time to capitalize on the holiday gift-giving season.

The campaign which launched Vacu-Seal targeted leading food, home and online media in key markets across North America, including the French province of Quebec.

Small PR Firms, Big Results

By utilizing product seeding, aggressive outreach, community newspaper matte stories, and a YouTube video, the collaboration between PR firms in Canada and the U.S. reached an audience of over 60 million across these two countries, at a cost of only \$0.002 per contact. This successful product launch was due to the ability to collaborate effectively, be creative, and execute well.

Challenge: Multi-Country Expansion



Overview

PRBI members can conduct impactful cross-border campaigns. The European Synthetic Turf Organization (ESTO) admired the work which a PRBI Atlanta member was doing for the U.S.-based Synthetic Turf Council (STC), an industry trade body, and asked to be introduced to a European partner. Following interviews in London and Brussels, PRBI's U.K. member was appointed for a six-month campaign and designated the lead PRBI agency. During this campaign they worked with members in Spain, Germany, France, Belgium, and the United States.

Working with a limited budget, the PRBI European team created the infrastructure for a long-term communication program, from writing multi-language versions of background briefing materials to building relationships with relevant journalists in key countries. An initial story about the size and impact of the synthetic turf industry in Europe was distributed across the continent in multiple languages and was well covered by the media.

The team also created a seven-minute video about the industry, shooting original footage across Europe and producing a final version in English, French, Dutch, Italian, Spanish and German. The video launched at the FSB Exhibition in Cologne in October 2009.

Small PR Firms, Big Results

Together these boutique PR agencies created a European-wide media story and a six-language video to appeal to an international client base. As a result, the industry profile was raised substantially in Europe. For the U.S., the communication system linked to the U.S. "parent" through PRBI firms as a result of this international campaign.

Challenge: Message Development, Media and Communications Training



Overview

PRBI is a solution for corporate communications and C-suite communication initiatives. A multinational corporation desired to penetrate the U.S. market by building their brand. To do so, this \$3 billion+ corporation needed help with message development, as well as media and communications training for top executives at the U.S. headquarters.

Small PR Firms, Big Results

PRBI members based in Chicago and Washington, D.C., Scott Phillips & Associates, Inc. and Media & Communications Strategies, fashioned an intensive, interactive, half-day program to counsel five corporate executives, including the U.S. CEO, at the U.S. headquarters. Some executives were extremely skeptical of media interaction; however after its success the CEO requested additional training sessions for himself and other staff.

Challenge: Crisis Communications



Overview

PRBI agencies are ideally suited to manage international crises. When an American cosmetics company faced a fast-spreading crisis in South Korea, PRBI members stepped in to manage the situation. The Korean Health Ministry found toxic substances in this company's products, despite the fact the company didn't use those substances. The result was widespread negative media coverage in South Korea. RED PR, which was agency of record for the company in the U.S., led the campaign with support from fellow New York agency Bridge Global Strategies and brought on South Korean PRBI member, CJ's World, for on-the-spot media training and local PR assistance.

Small PR Firms, Big Results

The boutique PR firms responded quickly by researching the crisis, analyzing the situation, implementing media training, and making introductions to a South Korean government official who connected the company with a South Korean regulatory consultant. As a result of this immediate and highly individualized response, the crisis was substantially diminished within days.

The client said...

“...PRBI...was hugely instrumental in gaining a clear understanding of the issue, diffusing a volatile situation and creating a future response plan to effectively manage the media...RED PR and their PRBI counterparts saved our organization from making costly and potentially conveying inaccurate information stemming from lack of understanding of local norms. Their ‘proactive’ versus ‘reactive’ approach to crisis management will ensure that future eruptions are effectively managed. A heartfelt thanks to this terrific organization!”

Challenge: Crisis Management and Corporate Social Responsibility



Overview

Members of PRBI organizations are experts in crisis communication and can significantly reduce negative press for clients and replace it with positive perceptions via corporate social responsibility programs. One example is the case of an international aviation school that was facing negative press due to several accidents that had occurred. The school realized the strength of PRBI's agency model, which leverages senior experience and boutique agency attention over a worldwide landscape.

The largest aviation academy of its kind sought help from Media & Communications Strategies in Washington, D.C. to combat negative media attention focused on recent incidents at the school. A secondary goal was to raise the school's profile in the foreign and domestic aviation community. The client is one of the largest flight schools in the world, yet prior to Media & Communications Strategies and Geni-Plus (Beijing) and Decibel Blue (Phoenix) coming on board, they were not engaging in any active media outreach. The accidents occurred within a short period of time leading to intense media scrutiny.

Small PR Firms, Big Results

Media & Communication Strategies formed a team of PRBI members Geni-Plus and Decibel Blue to assist the client, employing its extensive knowledge in the aviation industry, as well as crisis communication industries to guide the client through this difficult time. Because of this company's expertise in both aviation and crisis communication, they were able to act quickly and efficiently to counteract the scrutiny, combat the negative press coverage and place positive media stories about aviation safety in the client's favor. The initiative was so successful that the client requested the short-term project agreement be reshaped into a long-term retainer.



PR's New Value Proposition

Specialized boutique PR firms are on the rise, and can often times be more effective than a large multinational corporation. Because of several factors such as increased digital connectivity and a large focus on international collaboration for marketing, smaller agencies are often ideal.

Smaller, more nimble companies can now compete with larger, traditionally dominant firms through:

- » Increased use of Internet and technology, social marketing, employees seeking flexibility, giving rise to advantages for entrepreneurial innovators
- » Entrepreneurial innovators can offer high-end experience, better oversight, more interaction, lower costs for high-quality services

Additionally, these boutique agencies will be less expensive while still providing services from some of the top experts in their field, and thus are more accessible for start-ups and less established clients.

These focused agencies, often led by a senior executive from the big agency world or a Fortune 500 corporation, were called in by large organizations for their expertise, not their international brand name. The result is real value, as is evidenced in the case studies referred to in the previous pages: crises were diffused, recognition was attained and business goals achieved.

In conclusion, the macro trends in communications, connectivity, economics, and demographics are driving this movement towards the deployment of the PR boutique on the international front.

Interested in learning more about boutique PR firms and how they can act as a resource for your organization's marketing and PR needs?

Visit the PRBI website at <http://prboutiques.com/> and contact us today.



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