The Counselors Academy's Guide to Selecting a Public Relations Firm or Consultant

The Need for Public Relations in Today's Management Practice

To reach its organizational goals, today's management needs to communicate with a number of important audiences: customers, stockholders, special interest groups, the media, employees, communities, government agencies, banks, legislators, creditors and many others. Successful management turns increasingly to public relations counseling and the techniques of professional public relations to help enterprises communicate effectively with those audiences.

Often, organizations that have professional public relations managers on staff seek external communications consulting assistance, ranging from strategic counsel on some issues, to tactical implementation support on special projects.

Choosing the right agency or consultant for the work you have at hand is critical because it can bring an objective, independent point of view to help you achieve your communications goals. External consultants are exposed to different organizations on several different levels; they can apply the best solutions to your communications challenges, using a variety of new ideas and tools along the way. You end up with clear, objective thinking and proven strategic and tactical solutions.

If you are thinking about retaining the services of a professional public relations firm or individual counselor, you should consider a number of elements before making your final choice. The selection process is the key to finding a firm that will fit your organization's needs.

In this article, the Counselors Academy of the Public Relations Society of America offers suggestions and information to help your organization select a firm that will be a valuable management asset. This "asset" can enable your organization to not only gain that vital edge it needs to both build a successful operation and keep it that way, but also at times, to ensure an organization's survival in an environment which demands that communication is a priority.

This information has been prepared in consultation with principals from large, medium-sized and small public relations firms, individual counselors, and client representatives.

What is the Value of Public Relations to your Organization?

Today, the management of most Fortune 500 companies, large trade associations, smaller businesses, professional firms, government agencies and nonprofit enterprises recognize the benefit of retaining professional public relations counsel. Like these colleagues, your management is also involved every day in communicating with various audiences. How and what your communications convey will inevitably influence your organization's climate of acceptance and success; its positive corporate reputation.

The wise use of professional public relations strategy and services can add a great deal to the successful communications efforts of any organization. Sometimes, organizations don't have in-house expertise, or the human resources to get the job done; other times, internal public relations counsel seeks outside assistance in strategic plan development, or implementation, or both.

By closely assessing public opinion and interpreting it, public relations counselors can develop effective communications plans that can assist in heightening an organization's effectiveness, enhance public opinion, or, if called for, help change it.

Here are some of the ways in which a public relations firm can help:

- provide an external, objective viewpoint or perspective;
- increase an organization's overall visibility;
- support a product or entire marketing effort;
- counsel in crisis;
- communicate with employees;
- inform investors (a regulatory requirement);
- strengthen community relations;
- interface with government agencies;
- critique existing organization policies as they affect public relations goals;
- measure and evaluate existing public relations programs;
- bring new skills to support and augment existing public relations efforts.

The many tools of the communications process require experience, specialized skills, solid judgment and concerned objectivity - all of which the right counselor or public relations firm should bring to bear on an organization's needs.

Step One - Define your organization's needs

Before your organization can communicate successfully with others or even retain a public relations firm to help it communicate, it first must know what it wants to achieve. The first step in the search for a public relations firm is to identify and prioritize your organization's corporate goals.

Later, these management goals can be shared candidly with the public relations firm you choose. They will become the basis for determining your organization's public relations goals; your public relations firm will use these to develop strategies, tactics and tasks specifically oriented to your management's needs.

An excellent goal-focusing exercise is to construct an informational backgrounder that would outline briefly:

- history of your organization (when founded, size, products, services, etc.);
- mission, aims of organization;
- any special public relations skills/resources sought;

- key "publics" or stakeholders with whom your organization has a relationship (don't forget to list your allies and opponents);
- issues or areas of potential concern of which the counselor or firm should be aware;
- current or past public relations efforts and an evaluation of their success;
- available market or public opinion research about your organization and/or its products/services;
- any requirements of collateral materials, advertising, etc.;
- budget commitment/parameters: it is important to be able to compare proposals at comparable budget levels; if you are not able to set these estimates, (even though it may be a range), you will likely receive proposals ranging from low to high ends of the scale;
- initial length of contract with selected firm or individual;
- special circumstances that would affect any aspect of the public relations program.

Developing this information will help to clarify the scope of your public relations program, which in turn will help to pinpoint the qualities and strengths your organization should be seeking in a public relations firm or counselor. Later, in meeting with the candidates, the backgrounder can be used as an outline for discussion and to assess how well each firm's capabilities fit your organization's needs.

The Usefulness of Conducting a Public Relations Audit

If your organization wishes to strengthen its communication but is unclear about its corporate goals, you should be prepared to invest several months in working with a public relations firm to develop organizational goals, future direction and ultimately, a sound public relations plan.

The central activity during this initial period would be a thorough examination of the organization by a public relations firm or communications consulting firm. Called a public relations audit, this two-step appraisal, like an accounting audit, evaluates current practices and then suggests areas of improvement. Step one is a report based on interviews with key people both inside and outside the organization, an analysis of the ways and means by which the organization is communicating and a summary of the findings of this research. Step two is the preparation of recommendations which, in many cases, become the heart of an operating plan for the organization's public relations program.

Since an audit often addresses sensitive areas within the organization and requires total candor from those in the organization who are involved, the consultant and the organization generally agree to treat audit materials as confidential.

Other points in an organization's life when a public relations audit can be beneficial to it are when (1) it needs an objective review of a public relations effort; (2) it appoints a new public relations director or (3) it elects a new CEO.

Step Two - Identify a PR Firm or Individual Counselor

Now that your organization has looked inward, identified its corporate goals and public relations objectives and developed a backgrounder, you are ready to look outward at some public relations firms or counselors.

Where to begin? Here are some good sources:

a) **Talk with peers.** Friends, business acquaintances, fellow members of business or civic groups can be invaluable in providing recommendations. Find out if their organizations retain public relations counsel. If so, which ones? Are their performances satisfactory? Would they recommend them? What do they know about any other public relations firms in the area?

b) **Professional Associations.** If your organization belongs to a trade or professional association, ask it for recommendations of public relations firms or counselors in the area that it knows by reputation or experience. Another source of information on public relations firms, of course, is the Public Relations Society of America or one of its area chapters.

c) **Go Surfing.** There are many online directories of public relations firms, including PRSA's Find a Firm directory, available at www.prsa.org.

d) **Media.** Call local reporters who cover your organization's field and ask about the public relations firm from whom they receive the most accurate and professional information and materials. Make the same query of editors of trade publications which cover your field. Most media can name several public relations firms and can also rank them for you. Remember, however, that the media's opinions about public relations firms' capabilities are generally based on or confined to just one area - publicity. After polling some peers, professional associations and the media, you have begun to hear some firm names several times, perhaps an indication that these are firms your organization should investigate further.

Step Three - Review Credentials and Capabilities

After identifying the public relations firm or counselor for your initial screening, contact a principal at each firm by telephone or letter. Describe your organization and its public relations needs as you see them. Ask if they would be interested in talking with you. If so, check to make sure that they do not already represent a client which might cause a conflict of interest. If their response sounds promising, ask the principal to a send a letter with:

- the firm's general background and any experience in your organization's area;
- its range of services;
- the depth of professional qualifications of the firm's principals and staff;
- specialized skills or resources such as market research, in-house design capabilities; public affairs counsel or crisis management teams;
- a current client list
- the firm's policies on charging for its counsel and services (fee structure);

- any relevant collateral material.

Step Four - Meet with the Short List

After reviewing the responses, select those which best seem to fit your organization's needs and set up a meeting at the offices of each to get further acquainted. At this point, you should be down to a short list of three or four firms. During this first visit (for which about two hours should be allowed) look for:

- a general capabilities presentation on the public relations firm, but with some information directed to your organization's needs as outlined to the firm earlier. Although the content of most firms' presentations will be similar, presentation styles may differ according to the orientation of the firms. Thus a firm focused on marketing may use audio visual, while another firm oriented toward specialized counseling may present its qualifications in an informal discussion format.
- an opportunity to talk with key senior members of the public relations firm who need to be clear about your organization's goals in order for their firm to provide appropriate support for yours. It is equally important that the key decision makers from your organization are in attendance. (It would be premature at this first meeting to expect to meet those individuals who would be on your organization's account team.)
- familiarity with the buzz words of your business and references to trends in your field -- a good indication of previous experience or homework done.
- a two-way discussion: the meeting should not only serve as an opportunity for the firm to present its credentials, but for you to discuss your organization's needs.

During your visit you might be asked to identify other firms with whom you are talking. It is perfectly appropriate to provide this information and you should not feel uncomfortable about doing so. In fact, it is to your benefit: the more the information a firm has to work with -- and this includes knowing the types of public relations firms you are considering -- the better it can qualify your organization's needs and provide a more focused response. However, you are in no way obliged to share this information and if you chose not to do so, your decision should be respected by all involved.

Chemistry Test with Key Players

Visiting the offices of the top contenders, hearing their presentations and talking with senior members should narrow your organization's search to one or two firms. Now is the time to request that each set up a meeting for you with those who would be the principal players on your organization's account team. Treat this meeting as you would an interview -- prospective employer to prospective employee. This is your opportunity to test the chemistry among all who will be involved on the account. Be sure to ask:

- how long will it take to get up to speed on your account ?
- what reporting methods are used ?

- how does the firm measure success ? There are many methods of public relations measurement and your organization should be prepared to allot a portion of the budget to measuring results. For further information about measurement techniques, contact the Public Relations Society of America.
- does the key account person understand your organization's needs and ask intelligent questions ?
- does this key person appear to have the supervisory ability to lead the account team?
- does he or she have any experience in your organization's field?
- who is the backup key person when your account person is not available?

Step Five - The Proposal and Presentation

If after meeting with key people, you are still uncertain about which firm would be the best fit for your organization, ask each to send a written proposal, or make an hour-long oral presentation (with supporting documentation) outlining how it would provide the public relations services your organization needs to achieve its goals and objectives. The firms or individuals will likely focus on creative strategy to solve a business problem, enabling you and your colleagues to see how the individuals think and how you could work together. Remember, the more information with which you provide them at the time of your request, the better, more thorough results you will get as they seek out the solutions.

This proposal or presentation should not be confused with a public relations plan. It is inappropriate to ask firms or individual who make their livelihood in this manner to undertake speculative work, and in fact, most firms are not willing to submit speculative work. If your organization wishes, you can offer to pay each firm a set budget amount to help defray time and material costs. The return on such an investment would be a good one as your organization gains excellent insight into how creative and responsive each candidate can be to a client's needs.

Once your decision is made, The next step is to meet with the successful firm or individual to discuss fee arrangements (see Fee Arrangements Page 11) and initial length of contract. The firm can then send you a signed letter of agreement outlining these terms. As soon as you return a copy with your signature, your organization's newest management asset will go to work.

It is important to notify all candidates as promptly as possible. Most firms put a great deal into this process and deserve more than a call or a letter. It is more appropriate to meet with the unsuccessful firms shortly after the selection process is complete, to enable them to be de-briefed and understand why they were unsuccessful, or what qualities and capabilities the successful firm possessed.

Maximizing the Effectiveness of your Public Relations Firm

If your organization wants its public relations firm to succeed, it must supply more than monetary support. You must approach the relationship as a partnership. Be prepared to help your public relations firm or counselor help you. They cannot be expected to work in a vacuum. Your firm or counselor will require access and information and should be updated as routinely and consistently as you would any of your own top-level employees. Be as frank with your counselor as you would be with your attorney. Add them to mailing lists for any materials that pertain to or impact on their assignment.

If your organization ever faces a situation where a highly confidential matter may become public, alert your public relations firm. It is prepared to advise in such highly sensitive situations, to weigh communication alternatives and to develop the most appropriate approach.

During your public relations firm's learning curve, your organization will see much of the account team while it analyzes problems and opportunities and begins to define and (help) implement programs. To keep up the momentum of this interaction, meet with the key account person at least once a month to update him or her on how and what your organization is doing and to review the public relations firm's focus and progress on current and long-term objectives.

Looking Ahead

For both parties - the client and the public relations firm or counselor - the selection and familiarization processes are time-intensive. So once a choice is made, the best working relationship between the two is an ongoing one whether you are retaining a firm or individual for a project or for a long-term relationship.

It is important at the beginning of the relationship to decide when it will be reviewed and renewed. In a long-term relationship, generally within three to six months your organization and its public relations firm should know each other well enough to discuss a longer contract, usually a year with an automatic renewal option.

At this point and then annually through the duration of the relationship, the public relations firm should submit recommendations for a 12-month public relations program and the budget needed for its implementation. The public relations firm should clearly define the objectives it expects to achieve during the period and how the program will tie into your organization's other programs.

After your organization approves the public relations program and budget either in their entirety or with revisions, you should expect to review the program with the public relations firm quarterly so that progress can be tracked and any necessary adjustments or changes made in response to new internal or external developments affecting your organization.

Fee Arrangements

Public relations firms charge for their time in much the same way as do most attorneys, accountants and other professional consultants retained to help businesses run more productively. Your public relations firm's hourly rates will have a high and low range depending on who works on your organization's account and you should be informed by your public relations firm of its range.

There are several options in billing for services, and based on its initial perception of your organization's needs, your public relations firm or counselor will recommend one of them:

a) Hourly fee against monthly or yearly budget

A public relations firm may establish a minimum monthly fee for its services based on the number of hours per month it estimates will be spent on the client.

The minimum monthly fee arrangement is ideal for organizations which may need a variety of specialized services with time requirements which differ from month to month.

For instance, if your organization's annual public relations budget (for external counsel or support) is $ 60,000, then you should expect to allot approximately $ 5,000 per month. This minimum is billed in advance to the client each month, and then the members of the public relations firm charge their time against that minimum based on their individual hourly rates. If the hours worked exceed the monthly minimum fee, the client's next bill will include the cost of the previous month's additional time.

If your organization wishes to be notified if the hours worked in any given month will exceed the monthly minimum (so it can have the option of deferring an activity or task to another month), you should specify, and this requirement should be included in the letter of agreement.

b) Project Fees

Public relations services for a one-time project (such as the opening ceremonies for a new building) may be provided for a specific set fee which has been determined by the prospective client and which may include both services and expenses. Some firms may decline to undertake projects under such a fee arrangement if their estimate of the hours, supplier costs and out of pocket costs involved indicates that the project budget ceiling is too low. Others may be willing to take on the assignment to open the door to further work with the client or if they deem the organization is one whose addition to their client roster would make any time expended beyond the budget ceiling a worthwhile investment.

c) Retainer Fee

This arrangement works well for organizations which have their own communication capabilities but need counseling for complex communication questions and issues, or periodic help with specialized tasks such as speech writing.

With an agreed upon monthly retainer fee, members of the public relations firm will be available to assist the client whenever needed. In this instance, your organization pays a flat rate fee, billed in advance each month whether or not any services are used. Retainer fees should be reviewed periodically to determine if any adjustments are needed based on use of services.

Regardless of the fee arrangement selected, it is important to know how a public relations firm or counselor accounts for their time, and they should outline for you the type of written monthly activity reports they provide their clients. Information provided by a firm or counselor during fee discussions should also include such billing policy details as:

- minimum time segment charged (hour, half hour, quarter hour, etc.);
- maximum amount of chargeable time per day;
- policy on billing travel time;
- commission/markup percentages, if any;
- interest charge percentage, if any, on balances over 30 days past due.

To ensure your mutual relationship gets off to the best start, the method of billing fees/time charges, suppliers' costs, out-of-pocket expenses and markup/commission percentages, as well as payment terms and any interest charges for late payment should be fully detailed in the letter of agreement your organization receives from its public relations firm or counselor.

To Sum Up

A successful relationship between client and public relations firm or counselor is based on these fundamentals: the best match of capabilities to needs, total agreement on objectives, constant accessibility, full information sharing, continuous interaction, regular program and progress reviews and a clear understanding of contract responsibilities. Underlying all is mutual trust and respect. Assemble these components and together, you can build a strong, rewarding and lasting business relationship.

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