

# THE PR CONNECTION

**PUBLIC-RELATIONS** strategies are essential to helping rebuild the **industry's tarnished image** and repair an eroded sense of trust.

**THE PHARMACEUTICAL INDUSTRY'S IMAGE IS CLOSE TO ITS LOWEST POINT IN MORE THAN A DECADE.** During a time of corporate scandals and increasing distrust of business, the public and media are scrutinizing the industry's practices. And they don't like what they see — increasing costs for important medicines, sometimes limited access to prescription drugs, and a significant investment in consumer advertising.

"The industry's image is indeed close to its low point during the last 12 years, following a peak in the mid-1990s when the country was more pro-business and perhaps more focused on the benefits of new drug therapies coming on the market," says Brad Fay, managing director at RoperASW, a NOP World company.

A negative image can be detrimental, Mr. Fay explains, because it can put the industry at risk for new regulations, increased consumer activism, and could undermine its ability to attract investors in the future.

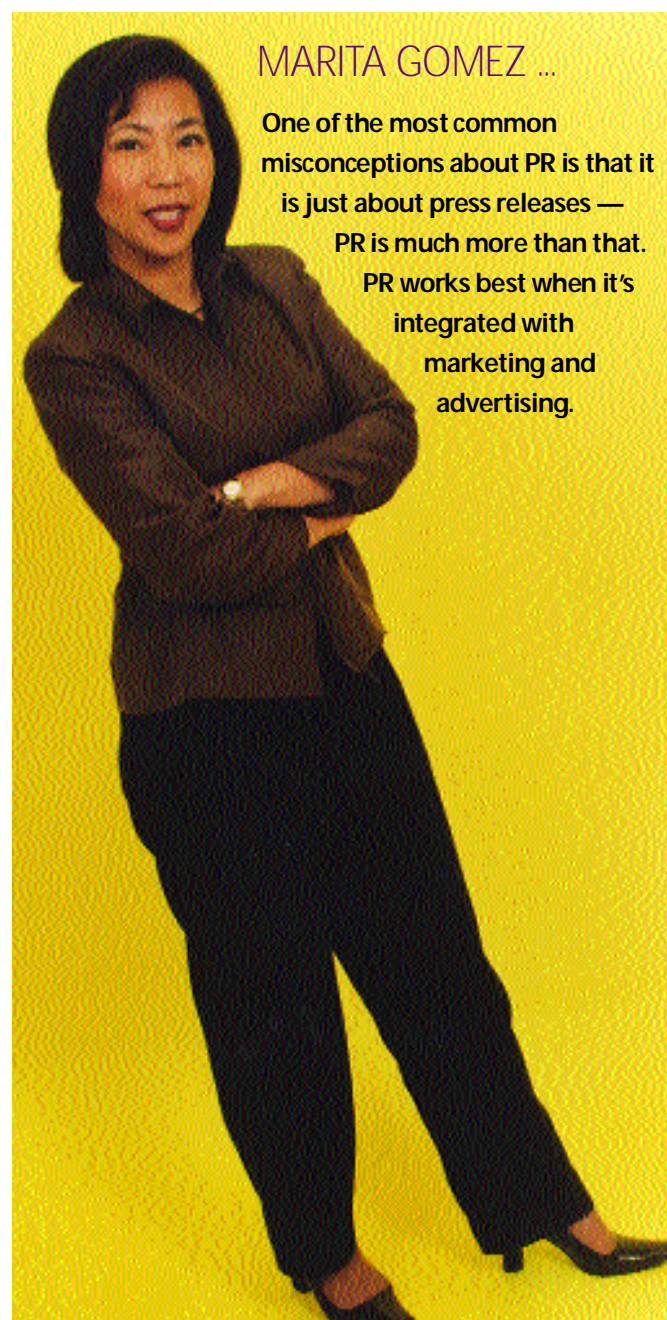
"It is clear, based on our public-opinion data, that the industry is dealing with a significant image problem," Mr. Fay says. "It is critical that the industry be more aggressive than it has been in educating key stakeholders on the benefits to society of an innovative pharmaceutical industry that is driven by private capital markets."

Public-relations strategies can help individual companies and the industry as a whole inform and educate the general public about the industry's positive contributions, as well as provide a credible source of health information and news.

"At its simplest, public relations is the management of communication between a corporation and its stakeholders," says Nancy Z. Brennan, managing director at Manning Selvage & Lee/Chicago. "In today's environment, where stakeholders are attempting to sort through an increasing number of product-oriented messages, public relations can — in a cost-effective manner — add the depth and texture to product messages so at the stakeholder's 'moment of truth' the choice is clear."

Most experts agree that some type of public-relations effort is needed by healthcare companies to promote the positive efforts of the industry.

"We have not done a good enough job of articulating the benefits pharma companies and healthcare companies bring to Americans," says Lynn Hanessian, general manager of health at Edelman. "The best care really results from a more informed consumer. We have to invest our time and our energy in explaining what a wonderful industry this is and what pieces need to be fixed; everybody has a stake in that."



MARITA GOMEZ ...

One of the most common misconceptions about PR is that it is just about press releases — PR is much more than that. PR works best when it's integrated with marketing and advertising.

According to Mr. Fay, public-relations agencies alone cannot fix the industry's problems. A commitment from the industry's top management will be necessary to begin the healing.

A positive step in this direction is the Pharmaceutical Research and Manufacturers of America's recent formation of a strategic communications and public-affairs division. This division's mission is to conceive and implement effective, innovative ways to get the pharmaceutical industry's message out about the tremendous life-saving contributions pharmaceutical companies make every day.

## REPUTATION MANAGEMENT

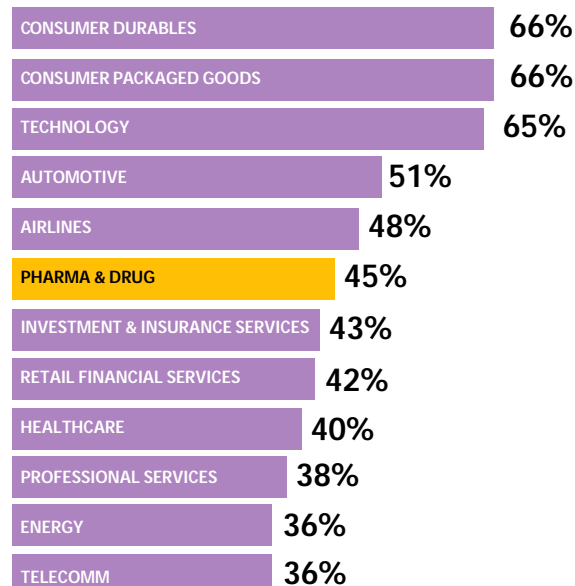
According to a 2000 survey by Chief Executive Magazine/Hill & Knowlton: Corporate Reputation Watch, 99% of CEOs claim that corporate reputation is vital to their company's goals. Despite these results, not enough CEOs are taking steps to protect their reputation, says Marita Gomez, CEO at HealthInfo.

"This is especially true in the pharmaceutical industry where CEOs often find themselves under a microscope by consumers and/or consumer media," she says. "PR can only enhance a company's reputation if there is strong commitment at the management level to support the activity. Otherwise, it's just smoke and mirrors. And our industry has seen enough negative coverage to know that the magic acts have to end."

According to an Edelman Public Relations' survey, nine of 10 people in the United States say a company's corporate reputation plays a large role in forming their opinion about a company's products and services. Results such as these are why experts say companies should place as high an importance on their corporate brand as they do on the products they sell.

"There is a growing, if not overwhelming, consensus that companies should manage their reputations as if they were brands," says Michael Durand, partner and director of the global healthcare practice at Porter Novelli.

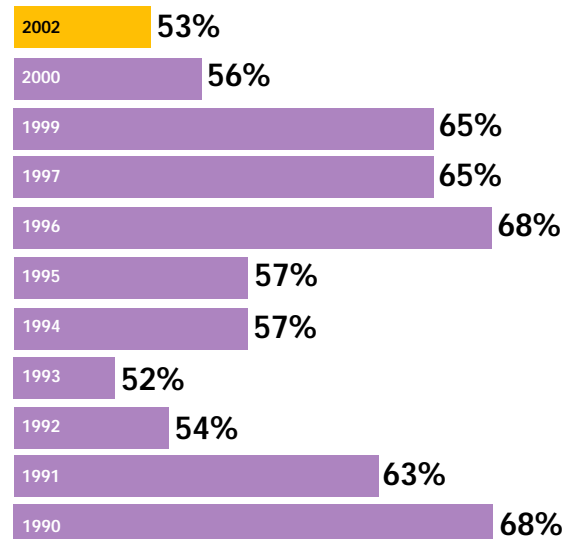
### CREDIBILITY AMONG SECTORS



Source: The Fourth Edelman Survey on Trust and Credibility

### RATING THE PHARMA INDUSTRY

Percentages reflect those surveyed who gave the pharmaceutical industry either "highly" and "moderately" favorable ratings on a four-point rating scale.



Note: Data were not collected for years 1998 and 2001.  
Source: Roper Reports, Princeton, N.J.

According to Mr. Durand, factors driving the need for corporate brand management include shorter product life-cycles, the relentlessness of Wall Street, the universality of equity, the democratization of information, and the speed of information flow.

One step companies can take to manage their reputations more effectively is the integration of long-term and short-term public-relations strategies to ensure that programs and communications are consistent with corporate goals.

Mr. Durand also believes that a public-rela-

tions staff needs be trained to the 24-hour world.

"Speed is the mortal enemy of great public relations," he says. "We live in a world in which information flows quickly and to virtually everyone. This means that corporate communications staff, agency consultants, and everyone involved in the brokering of company information must be re-trained to be able to evaluate information rapidly and communicate effectively to audiences in virtually any corner of the world."

Because a company's reputation is closely aligned with its success, experts say reputation-building efforts should be high on the priority list for a company's board of directors.

"Reputation-building efforts are about as valuable to a board of directors as that board is to the company," says Joe Boyd, CEO of MCS. "If that board cares about the company, it will care very much about how that company is perceived by its audiences."

Gianfranco Chicco, partner at Chandler Chicco Agency, agrees that the function of the board of directors is to safeguard the shareholder value of the company.

"If protecting the value of the company is one of the board's primary roles, then obviously public relations should be something that is very important to them," he says. "The reputation of the company has an impact on shareholder value and the reputation and behavior of the CEO has an impact on shareholder value."

Given the current economic climate and business-world scandals, experts say the board of directors is under greater pressure to focus on its company's corporate reputation.

"Board members are on the hot seat more than they used to be," says David Chapman of 919 Marketing. "As always, they are being judged on performance of the company. And now they are facing increasing political and consumer backlash. Board members are going to be very interested in seeing companies roll out responsible and smart marketing programs that inform and entertain yet don't cross the line."

► NANCY BRENNAN ...

Public relations makes integrated marketing efforts even stronger by providing cost-effective and opportunistic communications to different stakeholders in different ways.



▲ JOHN SENG ...

We are seeing a great deal of interest and success on behalf of our clients with stories of local interest — on a local basis and grassroots — whether it be print, radio, or TV.

▼ KATHRYN MORRIS ...

The most important value that PR brings to the marketing mix is third-party credibility, even without a spokesperson, what makes PR different from advertising is that space is not paid for; the story has the added benefit of having gone through an unbiased filter.



▼ DAVID CHAPMAN ...

A function of employee public relations is having one version of the truth that everyone within a company understands, agrees with, and can articulate to internal and external audiences.



▲ LYNN HANESSIAN ...

As public-relations practitioners we inform all parties so that the right decisions are made. I don't know of one drug company that wants a patient to use a drug that is not going to lead to a positive outcome.



Ms. Gomez agrees and adds that greater attention to corporate reputation by management has been observed recently. "According to PricewaterhouseCoopers, three years ago 70% of companies planned to assign the board responsibility for reputation," Ms. Gomez says. "We're seeing this trend being translated into reality. Because of board and management commitment, several pharma companies are now building equity in their company's names. And I'm sure PR led the efforts."

According to Ms. Gomez, if a management team commits to reputation management, one of the key first steps is to look at the various messages that are being disseminated about the company — to the general public, patients, investors, and physicians — and decide if these messages are consistent with the company's internal perception and corporate values.

"The bottom line is, once we know what the market is saying about the company and where they are saying it, we can then develop

strategies to counter, rebuild, or improve the perception of the company," Ms. Gomez says.

## GETTING THE MESSAGE OUT

Public-relations efforts, experts say, provide information about a company through trusted media outlets. An Edelman Public Relations

► BRAD FAY ...

There has been a fallout in terms of public perception. There is a real concern as to how the industry has been handling different issues — everything from drug prices to ways to pay for therapies.



▲ KENNETH MAKOVSKY ...

Communications targeted for the waiting room and communications for the trading floor could differ, therefore a unified public-relations and investor-relations combo will make sure that there is ultimate credibility to patients, health professionals, and investors.

survey, Trust and Credibility — the fourth in a series — found that 86% of Americans surveyed believed information from articles or news stories more than information from advertisements. The survey also revealed that Americans believe that business magazines and newspapers are the most credible sources of information.

As the industry strives to adopt a 360-degree-view to its strategy, coverage at the ground level in various media venues is essen-



▼ GIANFRANCO CHICCO ...

The basis of public relations is to create a covenant of trust between the company and its customers — by doing that PR can help shore up the erosion of the pharma industry's image in the public mind.



tial to message dissemination. PR experts say, however, coverage is earned, not bought, and this type of publicity can be priceless.

“Media coverage absolutely lends credibility to a public-relations message because the information is coming from a third party and not the pharmaceutical company,” says Sheryl Williams, senior director of product communications at Cephalon Inc. “The company has no control over the message that is delivered — we might be able to influence the message,

but we can't control it. Through public relations, there also is the opportunity to offer physician and patient stories in a way that the company can't.”

Kathryn Morris, president of KMorrisPR, agrees. “If a company can include a third-party, such as a doctor or patient, it adds another level of credibility to the story,” she says. “It is one thing for a company to talk about how a product is going to impact patients, but it is a whole other matter to have patients talking about how a product is affecting them — there is no way to trade first-hand testimony.”

Because of the value media can bring to a company's public-relations campaign, experts say relationships with media outlets are an important component of a public-relations strategy. “Companies need to establish relationships with key media, especially health reporters in our industry, so that they are aware of the company's values, key messages, and distinct benefits that they bring to the market,” says Bonnie Stofer, VP and account director at Palio Communications.

Public relations offers the benefit of providing an outside perspective for a company. PR experts say they can provide a point of view that may not be possible from internal staff. “In terms of strategy, sometimes internal decision makers don't see the larger picture, or internal politics discourage them from speaking up,” says John Seng, president and founder of Spectrum Science Public Relations.

Retaining an external agency can bring perspective and reality checks to a company, he continues, noting that oftentimes people working internally may not question or challenge the ideas of their superiors.

Ms. Williams says although this can sometimes be the case, being part of an internal communications or public-relations department within a company can provide a unique and valuable perspective.

“Living close to a product provides a deep understanding and knowledge,” she says. “However, it is good to work with people who have experience with other brands and other products and who can come up with ideas we may not have thought of.”

She suggests that a team approach works best, with members from external and internal public-relations groups working together on a strategy. “External public-relations agencies definitely provide value — there is always a benefit to hearing from someone who is more objective. Sometimes we can get really close to a project and aren't able to see what is most obvious. But, internally we are the ones who are responsible for protecting the brand.”

Public relations is the initial form of con-

tact about a product to a stakeholder, according to public-relations experts.

"We look at public relations as a discipline that can help create demand for a product, as well as create an environment for the appropriate selling of the product," Mr. Chicco says. "Advertising is used as a way to maintain the demand, but creating the initial perception about a product and then creating demand for the product, is a role for public relations."

Public relations can play many roles as part of the marketing mix.

"PR addresses that bigger strategy — it formulates a driving strategy that then can be executed through a number of different channels," Ms. Hanessian says. "PR can be a lead strategy and at the same time it can be a very important partner strategy and an enhancing skill set."

For example, Ms. Hanessian says public relations can be useful as a lead strategy when releasing scientific results. She says public relations can be critical to handling everything from the basic publicity to finding different ways to leverage that information to make it relevant to the different customer segments and audiences that a company is pursuing. Public-relations strategies also can be used to partner with different channels, such as the Internet and continuing medical education.

When public relations is viewed in this way, the discipline goes beyond just press releases.

"One of the most common misconceptions our industry has about public relations is defining it as a vehicle for press releases," Ms. Gomez says. "Public relations is much more than that — it involves strategy building, reputation enhancement, relationship building, product and disease state awareness, and peer influencing. As with any discipline, public relations works best when it is integrated with marketing and advertising. Integrated communications ensures that we're all communicating the same message strategy — all for the benefit of the brand."

Ms. Gomez uses the consumer market term marketing public relations, or MPR, which is the application of public relations to meet the marketing objectives. If brand managers begin to think of public relations in this way, then applying PR is much like applying the marketing strategies — to achieve one overall marketing objective.

Public relations also is an affordable and efficient way to communicate to specific groups and disease-segment populations with a targeted message to individuals.

"More than any other marketing technique, public relations enables the ability to reach into different communities, either on a one-to-one

basis or a mass basis," says Kenneth Makovsky, president of Makovsky & Co. "When it comes to narrowcasting in a very small disease group or a very large group, public-relations techniques can be applied in both."

Mr. Makovsky says public relations one-to-one marketing could include programs that include an article in a targeted journal or a speaker who addresses small interest groups on a specific topic, while mass media is used to get to larger numbers of people.

## CONSISTENCY

### FROM THE INSIDE OUT

Experts say all of a company's external audiences, as well as its internal employee audience, should hear and see the same messages and actions, which is key to an effective public-relations program.

"Effective employee communication fosters understanding and support throughout a company, which can ultimately lead to more efficient operations and greater productivity," Ms. Brennan says.

"The key to any internal communications program is to ensure that it is not just a one-way flow of information from senior management down through the organization," she says. "To be effective and useful, an internal communications program must be a serious two-way dialogue that allows for a guided flow of information and feedback."

Shared messages with internal staff need to be in sync with what a company's external audience is hearing.

"Nature abhors a vacuum," Mr. Seng says. "When there is a lack of shared ongoing credible information about the direction and events affecting a company, then employees tend to fill in the holes themselves; often these bits and pieces are skewed. Healthcare companies need to make concerted strategic efforts to consider their employees as one of their most valuable audiences."

Companies that share their corporate message and goals with their employees reinforce that image internally.

"This is branding from the inside out," Ms. Stofer says. "It entails taking the corporate mission and brand and defining that for the employee and reinforcing the brand through internal communications that come from management. It is important for employees to understand the direction of the company from the people at the top. It is important for all of that messaging to come from the top."

### BONNIE STOFER ...

It is important for a company's board to be aware of what the company's image is in the marketplace. They need to make sure that the right foundation is in place to generate the desired corporate image.



In addition to informing employees about a company's mission, programs, and objectives, internal public relations also provides the opportunity to support goals through recognition programs. Staff should be rewarded for demonstrating the key points and values that are consistent with the company and its brands.

"Consistent and sustained internal communications programs allow everyone within a company to better articulate the company mission to internal and external audiences," Mr. Chapman says. "Within a company, there are layers of employees who deal with the public, not only sales people."

Another consistency issue to be dealt with is the convergence of public relations with investor relations. Oftentimes the lines between patient, physician, and investor are blurred, and with information being easily accessible across all parties, companies need to make sure their messages are consistent across all groups.

"Given the economic realities we are facing at the moment, there is a lot of pressure on cost and it trickles down to every facet of healthcare," Mr. Chapman says. "There are misconceptions that pharmaceutical companies take a healthy margin on products and are not as diligent as they should be as it

relates to customers. Clearly, this has led to the increasing number of industry regulations."

"Companies have messages they are sending to the patient and professional communities, and messages that they are sending to the investment community," Mr. Makovsky says. "Companies have to be particularly sensitive that what is being said to one group does not counter what is being said to the other side." ♦

PharmaVoice welcomes comments about this article. E-mail us at [feedback@pharmavoices.com](mailto:feedback@pharmavoices.com).

## Experts on this topic

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