

# **ABSTRACT**

***CIPR Conference 2005***

**Title: A Realistic Review of the Efficacy of Micro PR Practitioners vis a vis the Needs of Microbusiness Clients**

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**SARLA LANGDON**

**Specialist Field -- Microbusiness**

**1983 -1989**

Editor of The Advertiser Group of newspapers in Swansea, campaigning for the small business. Got to know the workings of over 300 microbusinesses in the course of writing articles on them.

**1989 to date**

**Editor of the following publications dedicated to the Microbusiness (as part of the activities of my Marketing and PR company Markmaid Ltd):**

\*Enterprising – the business magazine of the Enterprise Trust

\*New Business Forum – the business magazine for start-ups and new microbusinesses

\*Swansea Food News – magazine for the catering industry from Swansea City Council

**Founder of the following business support clubs and events**

\*Industry Week. Pioneered the concept of putting together the heads of CBI, IOD, Chamber of Commerce, Economic Development Units and Enterprise Agencies to create a week long programme of events for the small business

\*West Wales Exporters Association- Founded and set up for small exporters with funding from TEC

\*New Business Club for Microbusiness start-ups

\*SWING An ERDF funded Microbusiness club

**Papers published**

2001 – The Influence of IT on the Growth of the Microbusiness (Institute of Small Business Affairs National Conference)

2002- The Needs of New Generations of Ethnic Minority Entrepreneurs – Is it time for a policy change? (Institute of Small Business Affairs National Conference)

## **OUTLINE OF PROPOSED PAPER**

This paper intends to examine the following:

- The working methods and efficacy of a >10 man PR practice operating in an SME market -- especially as 92% of PR practitioners in the UK belong in the microbusiness category.

- The need for microbusinesses to use public relations as a major part of their communications program since advertising is neither viable nor suitable in most cases. Microbusinesses are today quite sophisticated companies; they have come a long way from their beginnings as hereditary trades. They need publicity --can we deliver?
- The reasons for the proliferation of one and two person micro PR practices – a new trend in the marketplace that invites investigation
- The disadvantages and advantages of running a microbusiness PR practice ; the suitability for successfully servicing a microbusiness clientele
- Can the micro PR practice work effectively for an SME employing 250 staff with a turnover of £20m +?
- The role of both micro-client and micro-PR practice in the local business community. How their needs differ from those of SMEs and large companies --both client companies and PR practices. What the future could hold.
- Recommendations

### **Methodology**

10 one/two-person PR practices and 20 client microbusinesses will fill out a questionnaire on a one to one basis; and three in-depth case studies will be carried out for each sector– these will be part of the paper and the findings will provide the platform for the recommendations.

### **Conclusion**

Both micro practitioner and micro client have to stop functioning on the periphery of the business community and enter the mainstream of business life.

ENDS (300 words)

# ***ICPR Conference 2005***

**Title: A Realistic Review of the Efficacy of Micro PR Practitioners vis a vis the Needs of Microbusiness Clients**

## **1.INTRODUCTION**

The coining of the term 'microbusiness' has been laid claim to by the Director of the Small Business Association (SBA, USA) who used it in 1994 in his State of Small Business address to the then US President Clinton; he suggested that the term fits the SBA prototype of businesses with sales less than US\$3.5m. In the UK the term microbusiness now generally refers to a business with fewer than 10 employees. It is also called a nuclear business or a micro-enterprise - the person who runs it is known as a micro-preneur.

Historically the micro-enterprise has been a hereditary family business selling special skills passed on from generation to generation e.g. farmers, apothecaries, guild artisans, farriers, smiths, barbers; they are also represented by low-tech, low-skilled enterprises like carpenters, fitters, mechanics, and corner shopkeepers.

However in modern times this profile has changed In the last 15 years Information Communications Technology micro-preneurs have entered this sector, resulting in an immediate improvement in the image of the microbusiness. The new glamour of a high-tech, high-skilled profile was the metamorphosis that gave the micro-enterprise a stature of its own in the business community. Most successful dot.com companies have started out as microbusinesses as have software houses and other high tech ICT based companies. Despite subsequent disappointment with the performance of dot com companies on the markets, the movement succeeded in pointing out that very small could be profitable and efficient. These microbusinesses were driving the whole of an entire new industry and drew attention to themselves as a result.

## **2. Methodology**

Selected one/two-person PR practices and selected client microbusinesses with experience of using marketing communications were interviewed on a one to one basis. The intention was to elicit honest and well thought- out reactions rather than standard glib replies

### **2.1 Apologia**

This paper will not bear scrutiny from academic purists because it fails their research standards on many grounds, chiefly that the intention was not to waste time with faceless responses from large sample sizes.

In my defence I have to cite the case of a senior marketing academic who

presented a paper on why advertising agencies changed their printers/print suppliers at the ISBA Conference held in Birmingham over five years ago. His paper met all the research criteria – but when he presented his conclusions, a major error was evident to those of us who were marketing practitioners. The academic had missed the main reason why suppliers were changed in our industry. Certainly we selected printers on the basis of proximity, sophistication of equipment, quality of work, reliability and other obvious factors. As a 20 year veteran of advertising agencies big and small, I knew, though, that the main reason we changed printers was for cash-flow; we rotated printers till we could pay the first one – which was only possible when we had received payment from the client. No advertising agency was going to tell a researcher the truth; hands-on- experience was the only route to accurate assessment of the situation. The academic had failed to consider the possibility that he had missed relevant evidence –even with a large sample size. The methodology had obviously failed him.

I cite this example to demonstrate that an effective way to improve methodology would be to lead the research with a partnership of academic and practitioner in every possible field. Equally I am completely convinced that the contribution of an academic partner would improve this study significantly

### 2.3 Bias

Indeed in a recent report Anjana Ahuja in her column Science Notebook (Times, Comment Section 7.2.05) cites Dennis Folds of the Georgia Tech (sic) Research Institute who compiled a list of nine biases that cloud judgement and could lead to erroneous decision making --- many of which are relevant to the issue under discussion as they are errors that could occur equally in large or small samples and which could be made by academic or practitioner.

“The biases are: the failure to consider absent but relevant evidence; the tendency to fall for the convenient well-rehearsed explanation; giving undue weight to multiple reports, even if they hail from the same source; the inclusion of discredited information; the tendency to find a common cause for unrelated events that overlap in only a minor way; ascribing the same significance to small sample sizes as large ones; giving first-hand accounts more weight than indirect accounts; linking two reports that seem superficially similar and setting too much store by exaggerated or sensationalist claims.”

A team made up of academic and practitioner would ensure that a fresh element of checks and balances from both parties would improve the general quality, and more importantly the accuracy if not the veracity of the research findings.

Researchers are equally bedevilled by ‘questionnaire fatigue’—suitable respondents are bored by questionnaires and will not make the time to

answer them even when it is an issue that affects their own industry. Academics find it difficult enough even when the writing of papers is part of their full-time jobs --- the practitioner has to run a business while trying to conduct research to arrive at a true picture of the status quo and trends of our own industry.

This apologia points at the need for the development of new methodology, of new systems of extracting facts, views and experiences from reluctant respondents

### 3. Reasons For The Proliferation Of Microbusinesses In The Study Area

Swansea, Cardiff and a few points between were selected for this study because the bulk of PR companies in Wales are in these two urban areas. Additionally , the area has seen more than its fair share of the closure of large industries with the attendant proliferation of microbusinesses In the last two decades the ranks of microbusiness have swollen as a result of large industrial companies (coal, steel, tin, petrochemicals) downsizing and outsourcing and releasing employees with good redundancy packages into the marketplace. In Swansea and District, British Coal Enterprise, British Steel Industry and British Petroleum Chemicals' Darcy Developments set up managed workshops, training programmes and business support and funding packages to help their redundant employees re-enter the workplace as micro entrepreneurs. This help was not exclusive to their own ex-employees and soon a micro-preneur culture developed in what had become an employment black-spot in industrial South Wales.

South and West Wales- a good 'test-market' because it has all the elements that add dimension to the research viz both rural and urban market places; closure of dinosaur companies causing a string of SME supply chain fatalities; EU Objective 1 and Objective 2 designated areas resulting I a glut of public money available for business growth initiatives; microbusinesses making up 95% of the business community; a booming southeast (Cardiff) matched by a poverty-stricken hinter-land .

### 4. Available Microbusiness Data for Wales (Start 1998)

These figures were kindly provided by the Welsh National Assembly Economic Development Committee

The data shows 153,345 VAT and non VAT registered businesses at the start of 1998, employing 724000 people

95.1% are microbusinesses employing less than 10 employees. (UK =94.8%)

66% of businesses have no employees.

23.5% have 1-4 employees

Micro-sized firms account for 39.9% of all employment in businesses in Wales. (UK=30.5%)

In Wales the smallest firms are a relatively more important source of employment than in the UK as a whole.

There are 55 members listed in the handbook of the Chartered Institute of Public Relations in Wales, but there do exist many more micro-practices who are not CIPR members.

5. The working methods and efficacy of a >10 man PR practice operating in an SME market -- especially as 92% of PR practitioners in the UK belong in the microbusiness category.

The current knowledge base about the microbusiness in general and the micro –PR practices in particular is still at an embryonic state largely because of the difficulties inherent in collecting data about the microbusiness. These difficulties arise from the following factors:

# Most microbusinesses have turnovers below the VAT threshold and therefore do not register for VAT. Thus the single most efficacious method of collecting numerical data cannot be applied to the microbusiness.

#. None of the micro-practices interviewed had set up their business using bank funding – all were self funded. In addition, because the borrowing requirement of microbusinesses is very small, and the exposure high because most microbusinesses are not incorporated, banks advise them against expensive business loans and encourage them to trade with personal loans. Thus another source of data collection – i.e. bank records -- cannot be used for the microbusiness.

#. The arrival of a new business, particularly if it has no employees, is not detectable by the Inland Revenue till it files a tax return - which it need not do for a while following starting up, further distorting the figures.

#. A large number of microbusinesses --- including all our micro- practice respondents---operate from home offices and therefore do not show up on any records of business premises rentals or purchases.

6. Microbusinesses need to use public relations as a major part of their communications program since advertising is neither viable nor suitable in most cases. Microbusinesses are today quite sophisticated companies; they have come a long way from their beginnings as hereditary trades.

The responses to the questions put to micro-clients on a one to one basis

were as below

### **Questionnaire for Micro-client**

a. Do you belong to a business support group or networking organisation?

Almost all respondents belonged to one or more well known organisation e.g. Chamber of Commerce, IOD, CBI etc

b. Do you feel the need for publicity?

All felt the need for publicity

c. Do you have a written marketing /communications/PR plan?

Not all had a written marketing plan; those who did not were aware that they would benefit from having one

d. Do you advertise?

\*Yellow Pages were used by all but no local papers/national print media or broadcast media were used. All spend less than £50Kpa

\*All send out brochures, flyers and direct mail

\* A few send out press releases done by themselves . None use a PR company at the moment

\* All depend on their websites to some degree.

e. Which of these was the most effective? Which was the most expensive?

Most found the website and direct mail the most effective Most found brochures and direct mail the most expensive

f. If you do not employ a PR company what is the reason?

Reasons offered were \* large retainers \*we have no stories \*Company wasn't ready for it

g. Do you think a large PR company would have more expertise than a small one?

All felt that a small PR company would be just as good as a big one

h. How would you choose a PR agency?

Most were selected on the recommendation of a business colleague ; one met the incumbent at a business function

7. The disadvantages and advantages of running a microbusiness PR practice ; the suitability for successfully servicing a microbusiness clientele

7.1 One very articulate respondent offered the following general comments:

“In the early stages of setting up Celtic PR (Trading as Celtic Media Connections Ltd) I was faced with enormous difficulties, firstly my lack of knowledge in terms of business acumen, record keeping and filing of accounts and invoices.

This all came as a rude awakening when my bubble burst and reality proved there was much more to running a PR company than just ‘Doing the job and servicing the clients’

“Most of my weekends during the first 12-18 months were spent on filing, record keeping and accounts. This was in addition to running a home and being mum to my two daughters! Moving into an office away from the family home was a brave but positive step. Within twelve months I was working in association with neighbouring businesses such as graphic designers, Welsh language sub titling/translators, independent broadcasters and filmmakers.

“I have now expanded the business and returned to work from home part-time.

With the assistance of my free-lancers I am now in a more comfortable position to delegate. For me this has been the breakthrough I so desperately needed.

Having worked as a micro practitioner for nearly five years and experienced many highs and lows in the process I have no intention of returning to consultancy as an employed member of staff.”

## 7.2 Disadvantages

\*Have to do everything myself –slows me down (if it were easier and not so expensive in Cardiff to find suitable and affordable office space I would have employed at least one other person by now)

\*Not taken seriously because I am too small

\*Under-funded

\*Realise I lack some business skills eg credit control, invoicing, dealing with suppliers etc

\* Cash-flow

\*Never enough time

\*Feeling of isolation

\*Have to do everything myself-slows me down.

\* Get lots of project work but not those elusive retainer clients. Very difficult for the reasons above

\* The lack of available and suitably qualified PR practitioners; in particular the lack of Welsh speaking practitioners who live and work in Wales. Most of my Welsh-speaking colleagues tend to move to London to work in consultancy.

\* I did feel isolated initially but now I balance my work commitments with a very busy social life.

\* Have to do everything myself-slows me down. Invoicing, VAT and TAX returns are a nightmare but I have learnt to delegate and now have a very good Book keeper on board.

\* In consultancy you are part of a team and have resources to hand. Working as an independent you have to be an all rounder and be able to improvise by sub contracting many services such as photography, printing and marketing

\*Under-funded

\*Have to do everything myself-slows me down

\*I have no difficulties. I am very well known in the area

### 7.3 Advantages

Since the UK signed the Social Chapter of the Maastricht Treaty, the advantages of employing less than five staff have increased significantly, since most of the European and UK Employment laws do not apply to organisations of this size. The advantages are enormous (e.g. exemption from providing paternity/maternity leave) in addition to the traditional advantages of having faster response and turnaround times and of being more flexible than bigger competitors.

\* Closer contact with client therefore understand needs better

\* I am more closely integrated with their business and share their aims and objectives.

\* I have worked for bigger public sector organisations, but not larger commercial companies; being own boss is more stressful and yet also spiritually/psychologically more fulfilling

\*Make decisions faster

\*I am free to put in as many hours as I need to

\* Clients are confident that I am available 24/7 and feel secure in the knowledge that they are not communicating with several consultants who are working on a number of accounts at the same time.

\*Make decisions faster Time is of essence and clients do expect results very quickly. I can say with confidence that I have to do the equivalent of a five-day week in about three. The business is very reactive and I do have to make decisions very quickly. Having the mobile phone is a Godsend.

\* Able to focus totally on client

\*I am solely responsible so I do more, better

\*Yes. Not restricted by employer

8. Can the micro PR practice work effectively for an SME employing 250 staff with a turnover of £20m +? The respondents reply:

\* Yes - I provide a specialist niche service which has a significant value to

the business aims of the whole organisation

I outsource or jointly bid on PR implementation, with Working Word PR, and agency employing ca. 12. First win together is HERIAN 2 year contract.

I also outsource services such as Design, Translation, and Accountancy.

\* Yes, much more responsive, much faster and prompter

\* It is difficult today to get these clients because they ask for 3yr.accounts etc –hard for a microbusiness to supply

\*Closer contact with client therefore understand needs better. The client deals directly with me and feels secure in the knowledge that I will be servicing their account personally. Being available 24/7 is reassuring to them of my commitment to good customer service.

\*Because of the low overheads I can afford to charge reasonable rates and the client feels he/she is getting excellent value for money by dealing with the Director

\*Yes, impartial and available.

\*I do not outsource in the interests of quality control

\*In consultancy you are part of a team and have resources to hand. Working as an independent you have to be an all rounder and be able to improvise by sub contracting many services such as photography, printing and marketing

\* I ‘outsource’ to (sic) photographers.

\* I outsource media buying

9. The role of both micro-client and micro-PR practice in the local business community. How their needs differ from those of SMEs and large companies --both client companies and PR practices. What the future could hold.

9.1 The microbusiness forms the wide solid base of the pyramid on which the more affluent part of the economy rests, and cannot be ignored.

There is a tendency among DTI-led business support agencies to treat the microbusiness with contempt because it does not appear to create wealth and does not visibly provide employment. The fact is that each microbusiness provides an income for the proprietor taking him/her off the dole, creates a vacancy in the job market and supports other local businesses by using their services. Additionally they will often provide at least one part-time job. According to Brian Jackson, Welsh Assembly Member for Islwyn, if each microbusiness in Wales employed just one person, there would be full employment

## 9.2 The Changing Role Of Consultants and SMEs

The awareness that specialist consultancy is necessary to ensure successful growth for the SME has been driven home to the business community by public sector bodies like the DTI, Small Business Service, WDA, by Business Connect and the Enterprise Agencies. This is unprecedented in the

UK's business history and has created a new wave of very demanding small businesses

PR consultancy used to be a luxury for large companies only. ;most consultants come from large PR consultancies and need to adapt to the SME/micro-client The small independent consultant is as much a result of the changing economic profile of Wales as the microbusiness itself. Today the easy availability of grants has introduced smaller companies to the consultant culture.

The prohibitive cost of consultancy advice was a major factor in deterring smaller firms from using consultants. The DTI broke the ice with their 50% consultancy grant which was still aimed at larger companies; the real changes came about with the local grants for consultancy support for small business in the early 1990s. These grants are now widely used locally in Wales and are administered by the Welsh Development Agency, Business Connect and other public sector bodies. They are easily accessible, not too bureaucratic in operation and have made it possible for the SME and sometimes the microbusiness to professionalise itself and to aim for excellence by tapping into sources of expertise at affordable prices

9.3 While all the micro-clients surveyed played an active role in the business community as members of a variety of trade and business support organisations, none of the micro PR practices were members of any mainstream business club or support body.

Though many of the micro-PR practitioners surveyed had worked in large companies before setting up on their own, they were not aware of the function of departments other than their own and were alarmed to discover how much more than their own particular skill was needed to run a successful business - no matter how big or small.

#### 9.4 Ideal Scenario

What every practitioner tries to do is to bring to the client business solid experience and expertise of this particular field of consultancy – the sort of expertise that will benefit a micro-client.

The ideal situation is when a micro-client finds the consultancy useful and the course of the project runs smoothly from beginning to end with agreement on all sides. But this is not necessarily the only measure of success.

The purpose of the consultancy is not so much to force one's point of view on the client, but rather to encourage a focus on a specific problem, to offer alternatives that stimulate the client to home in on solutions s/he feels comfortable with.

The most important aspect is that the principles of PR and marketing are

the same no matter what the size of the micro-client or the micro-PR practice

#### 10. Conclusions and Recommendations

When dealing with the micro-client far more is required of the consultant than with large clients where there is enough in-house expertise. The modern PR practitioner has to be able to teach, reassure and empower the client

As a result, consultants today have to be of the highest possible calibre, highly qualified specialists in their field, because the microbusiness depends on them for more than some specific advice on a specific problem. A surprisingly large number of micro-PR practices are not CIPR members or indeed members of any associated organisation (such as CIM) – this is deplorable as there is no evidence of their ability to advise micro-clients.

Much more is demanded of the PR practitioner because edges are blurred in a microbusiness between marketing, PR, management, HR and financial consultancy but the level of expertise required is higher than ever before – the consultancy advice could make or break a small business. Each PR consultant needs to be aware of the scope of all the other disciplines so that clients can be signposted accurately where necessary

There is, though, a danger of overloading the micro-client with information s/he is not going to use. Signposting needs to be done with care so that the client is given what can comfortably be dealt with, as against everything they ought to know. The smaller the client the more well-informed the consultant needs to be.

ENDS

## 11. REFERENCES

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- \* SME Statistics for the UK 1998. Department of Trade and Industry
- \* National Statistics Labour Market Trends Oct 2000 (Vol.108/No10)
- \* ibid Job Characteristics of the Self Employed. p.471
- \* The Needs of new generations of ethnic minority entrepreneurs – is it time for a policy change ? Paper by Sarla Langdon presented at 2002 ISBA Conference
- \* ‘The Consultant’s Perspective’. Paper presented by Sarla Langdon, 9.10.03 at the Welsh Development Agency’s Consultant’s Conference, Treforest.

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