

*Palacký University
Philosophical Faculty
Department of English and American Studies*

*The importance of public relations
for the corporate governance of modern companies
English and Applied Economics*

*Jan Luksa
Joseph Ference*

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*I declare I have worked on this bachelor thesis independently and I have included the complete list of cited and used literature.
In Olomouc 16th of May 2008*

I would like to express my appreciation to Joseph Ference for steering me in the right direction that has eventually led to a successful completion of my finest academic work to date. His thoughtful advices and observations helped me significantly and without his input this thesis would not be what it is.

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Methodology of the work

The scientific method that provides the skeleton for this academic work is comprised of three major sections.

- Firstly, the most popular and most effective trends that define Public Relations nowadays are selected and explained in depth. By trends, I mean predominantly the techniques, tools, strategies and approaches strongly related to Public Relations that have engraved themselves in golden letters over the past few decades unlike the many ineffective techniques. The selection is not backed up by any particular dossier of data; it is based upon the observations of the leading and most successful corporations using these techniques and tools to a great avail as well as constructive analyses of the consulting experts from this particular field, i.e. Public Relations.
- Secondly, the heart of the paper focused solely on four corporations and one incentive. The particular field of their business is deeply examined as well as corporate history and past long-term performance. The materials used are primarily the official websites of the corporations as well as research papers, business magazines and books that deal in depth with these particular corporations.
- Finally, the true spice of the work, i.e. the actual implementation of the PR (a popular and widely used abbreviation for ‘Public Relations’) techniques and tools in the real-time environment is outlined. The biggest and most prolific achievements as well as failures of the selected corporations are studied into detail, using the information from the media sources and corporate websites as well as the observations of the people acquainted with the particular cases.

The aims and objectives of the work

- The primary aim of this research work is to introduce, explain and analyze the concepts and the driving factors behind one of the most important operations of the contemporary corporations, that is the ‘Public Relations’.

- The paper aims to achieve the right balance between the theory and the actual examples from the business field in order to outline the most important aspects of Public Relations to the most satisfactory extent.
- The paper also aspires to trigger some very useful side-effects such as the proper application of Public Relations in the real business environment, or better, in ideal situation make it maximization of the, return on investment injected into the Public Relations.
- By studying the following pages, it is the intention of the author to provide the reader with a rock-solid idea of the world of Public Relations as well as grasp the driving concepts of the effective day-to-day use of Public Relations in the business.
- On a broader scale, the objective is to make this work become the ‘consulting’ material that can be used any time to help a whole variety of firms, institutions and people to find the right direction out of a turmoil, properly apply the PR techniques and tools in the daily operations and ideally achieve the master level in managing Public Relations.

Introduction

Chapter 1

Introduction to the world of Public Relations

Section 1.1

Introductory narrative to the world of Public Relations

Once upon a time there was a customer who has decided that he was not going to let the companies do whatever in the world they want, but instead he has decided to act and put the matters right. Tell all your friends, publicly protest against the wrongdoings of the corporations or other institutions, raise the awareness of the whole population and cease buying the products of the companies or grind to halt your seeking of their service. If these and other unfavorable acts are on the people's minds with regards to your company, you have a mammoth task to do; in fact the just-described situation is a perfect example of the PR nightmare. The reputations and loyalties built over the period of many many years can disappear in front of one's eyes, melt like a snow struck by the spring rays of the sun in the period shorter than the day. With your customers gone, there is not much positive to look forward to, in fact, the outsourced or the quickly assembled crisis management team has to be called into the fore to establish some sort of a route out of this big mess. A mess that was caused by nothing else than the deteriorated relations with the public, the body your customers are part of. Here is where the importance of public relations can be seen at its brightest, where it can be nicely illustrated, where it can be shown that it has to be regarded by the companies and institutions of whatever kind with the same equally focused watchful eye as the finance segment, project management, operations, production and services lines, executive powers and other key segments of the business.

The public relations do have an everyday effect on the lives of us all. Imagine going to your favorite hairdresser after a dreadful service, even experiencing insults of your person and being forced to pay the highest price for a haircut in your life. It is only fair to say that the only case that will see you paying a visit to your former favorite hairdresser will be with the lawyer man with the filed suit of gross misconduct with the intention of yours aimed clearly at winning yourself some consolation for the unforgettable actions on the part of the service provider. It appears that in order to reach the famously quoted "win-win" situation, or as is the order of the days we are just living through the best compromise for the both sides, it is vital to keep the spark of your

business activity bright by finding the route to reach a high perfection of public relationships. That, of course, sounds almost like a silk road that was used some centuries ago to enrich the European world of that super smooth commodity that silk is forever going to be by reaching the mythical place on this planet occupied by the 'state' of Persia. It doesn't take the most furious of storms in one's brain to find out that such a task is far from being impossible, yet it is going to present the challenge that was not foreseen previously. For the benefits are for all there to see, yet to define and explain how to *actually* reach Persia, or in our modern case that is the base stone for this academic work how to master the relationships with the public is certainly a huge task made challenging to a degree by the blurriness and uncertainty surrounding the whole idea of perfect public relations. What is meant by that? What can the laic imagine behind this couple of words? To get a better understanding of the issue, let's consult the American Heritage Dictionary to provide us with a clue. It defines Public Relations as "the art or science of establishing and promoting a favorable relationship with the public."¹

It immediately becomes very apparent to a person living in the time period dominated by the aging 'baby boomers' that the definition is somewhat outdated and a fresh present-day perspective is needed to get a real picture of what type, for the term Public Relations itself can be used in a whole variety of industries ranging from the executive consultancy firm to regional institution pledging to provide the education for the people in their so-called '3rd age,' of Public Relations we will be dealing with. Arguably the best definition available out there is by Mr. Robert L. Heath and the extract from his 'Encyclopedia of Public Relations' reads the definition of Public Relations as follows: 'Public Relations is a set of management, supervisory, and technical functions that foster an organization's ability to strategically listen to, appreciate, and respond to those persons whose mutually beneficial relationships with the organization are necessary if it is to achieve its missions and values.'² Another good and abbreviated way to put it that actually comes really close to the general perception of the public today when the term Public Relations is aired is: 'science and practice of applying credible media for favorable communication,' by an author of surprise, surprise Indian origin Mr. Kapil Rampal.³ Going back to our example of the confused manager or director of the company threatened by an expulsion from the world of the respective business activity they are engaged with, seeking that necessary miraculous

tool to save them from the rough future times ahead, that particular manager is going to be enlightened by the requirements of the near-perfect PR, yet it can be interpreted in slightly contrasting ways. Certainly, the communication with the public is not based on any given template and there are many ways of addressing the ‘target audience,’ to dive ourselves into the world of PR terms if you like, and the task of mastering the relationship with the public is perfectly made up for the people with a naturally high level of initiative, strong sense for creation and innovation, people who like to explore new ways of tackling traditional issues, etc.

It then comes as a no surprise that the first person who has used the term ‘Public Relations’ was one of the most iconic president of the United States history, Thomas Jefferson. Few months ago the term has celebrated its 200th birthday as it was first used in the year of 1807 as part of the annual Mr. President’s address to a Congress. The term has evolved over the year as hinted couple of lines above, initially thought of in a political sense of something similar to a ‘policy,’ later on it meant to be used as some sort of a ‘device’ aiming at improving the relationship with one’s surroundings. Nowadays, as the world grows more complex, yet at the same times gets considerably ‘smaller,’ the Public Relations are strongly related to the correct choice of communication with respect to the folks we are communicating with. Needless to say, while some two hundred years ago, it would not be possible to find somebody who earned the living by working as a ‘PR Manager,’ today it is not quite one of the most coveted positions one can get promoted to mainly in a profit-orientated institutions but one of the posts within the company that is exposed to the highest degree of pressure and a position where only a success counts.

So how does the actual practice of managing Public Relations go? The easiest route to take to find an answer to this question is to have a look on some of the most prominent and most used ‘tools’ used by the PR departments. One of the most critical choices is to determine the right media to use. Generally speaking, depending on the characteristics of the public, the people responsible for maintaining and polishing top class relationships with the public opt for one or more of the following types of media: audio (i.e. radio, podcasts, rss feeds and others), video (i.e. television, movies, widescreen imaging, etc), and some of traditional ‘words and pictures’ only media such as newspapers, magazines, tabloids, posters, billboard and many others. Since internet and its unique definition makes it virtually impossible to place it into one of the

segments mentioned as it can be effectively used with all types of media, the option of going online and in what exact way again depends on the so-called ‘target audience.’

With the particular audience comes the need to tidy up the use of the language that will have the most pleasing effect on the perception organs of members of such groups. ‘Managing the language’ is a process that is vital to Public Relations and is naturally bound to them. One of the most striking recent discoveries claims that the choice of the proper words has much more of an effect on people and contributes far more to the overall perception of the given messages than previously thought. As much as 85 percent of the content will be perceived by the audiences as positive or negative solely on the words deployed. Any other effects that make up the remaining mere fifteen percent, placing into serious doubts the often outrageous spending habits by the PR or other departments that are highly influenced by the correctness of language such as marketing divisions, for instance. The term ‘global warming’ for example was swapped for a more positive term ‘climate change’ only couple of years ago and met with a much calmer and satisfactory reactions from the public as the whole process is definitely worrisome, but a considerable degree of worries are made invisible just by the use of different words. Another examples include ‘employees’ giving way to ‘associates,’ or even the usage of the prepositions can have a serious impact on the overall success of the communicated message. The following chapter is intended to deal with these and more as to get the readers the overall idea of how the art of perfecting Public Relations is actually exercised in day-to-day operations. The focus will be predominantly on audience targeting, the use of lobby groups, the whole area of spinning, reading between the lines, analyzing the behaviors of customers and a broader ray of light will be thrown on the important choice of media.

Section 1.2

A brief overview of the main chapters of the thesis

In order to best serve the people who might find notching up the master’s degree in Public Relations rather difficult, so to speak, the following content of this academic work, the so-called ‘main body,’ the power engine leading this chassis towards the world championship, will take an analytical look on five contemporary corporations. The careful choice of the corporations will make sure that the actual examples of how the companies succeeded or failed to make the most out of the hidden treasure called

Public Relations will spread the pictures and even inspire to a real success the audience targeted by the words that make up the body content.

The first corporation that will grace the readers will be the Sony Corporation. It has made the cut as its recent dealings with public matters nicely reflect the overall situation the company finds itself in at the moment. The people can tell just by examining the PR output of the company if it is worth doing business with or not. The recent battery recall of Sony will be used as a platform.

The second corporation that we will have the 'displeasure' to analyze will be the Enron, the former accounting firm. In the dark year of 2001, the whole practices of the company saw the light and brought down the firm. It has an undoubted powerful position in this work as the whole scandal was a true PR nightmare for a company with serious errors committed along the way to the eventual disassembling of the corporation's processes and business activities. It is not being said for no reason that one can learn a great deal more from failures than from successes as it is the mistakes that clearly show us and help us to realize where we are lacking with comparison to the competition and how to improve in order to exchange the failures for successes in the future. This rather extensive example will also go deeply into the aftermaths as it will examine the recent situation of the industry Enron was involved in. There are going to be some surprising discoveries to be made that will show how a disaster can actually prove to be useful.

The following chapter will be special. It will consist of two parts that will take a look on two corporations that are involved in highly competitive industries and whose relationships with the public and above all with their customers are essential, are the key to the long-term survival. One company has made serious missteps trying to pursue this goal, mismanaging their relationships with customers and consequently the overall perception and the supposed quality of the corporation's services and products have plummeted in the eyes of the general public. We are talking about Airbus, the aircraft manufacturer who is gradually losing ground to its main competitor Boeing and we will answer why this is happening. The other company that is the part of this special part of the main body content of the work is Apple Corporation. In few words, this company has done the exact opposite as it has taken the technological industry by a storm in recent years and it is often used as model for innovation, design and outstanding customer relationships. The corporation has gone further though and managed to change

the whole industries and it appears to have come ahead of the time. They have been making themselves a favorite in the eyes of the gracious public in the process as for once the complexities of the organization preoccupied with making healthy profits actually became loved by people.

The final outlook will deal with the recently announced range of products that will be interesting to watch over the next few years. We are talking here about the Microsoft + Dell Red Line range of products. The main aim of this initiative is not to yield the highest dividends for the shareholders of Microsoft and Dell, but to eradicate the poor developing world of the disease which has beaten black plague to the most forceful killer of the human population, the AIDS. It is highly likely that these and similar projects can succeed in the new area of corporate focus, yet delivering the financial results of equal figures as their predecessors in the process. As it is project with a high intensity of optimism, the intentions are to end on a highly positive note too and to view the upcoming years, decades and centuries with optimism and courage. Let us not lose any more time here and let's dive into the world of Public Relations!

Notes

1-<http://dictionary.reference.com/browse/public%20relations> (Extracted on 14 March 2008)

2-<http://www.uhi.edu/news-events/archive/nr/2005/01jan/011105heathprencycl.html> (Posted on 11 January 2005)

3-http://www.cygnnetmedia.co.uk/public_relations.aspx (Extracted on 14 March 2008)

Chapter 2

The 'tools' used to polish the Relationship with Public such as the choice of the media, audience targeting, managing language and others

The following lines will deal in detail with some of the most widely used practices of the PR managers from all over the world. The principles are usually very similar to each other, even though there is a certain degree of tailor-made approach for the obvious reasons such as different locations, or as is often referred to by the people responsible, 'economy-driven demographics.' The following lines will also serve as a great guide in the main section of the work where some of the practices that were used to a considerable successful or otherwise segment will be illustrated using the studies of the chosen corporations.

Section 2.1

Target audience

One of the key aspects of the Public Relations and one of the primary discussion points in most cases tends to be the audience. What audience to focus on, who are the people who are likely to be most affected not only by our press releases but also by our extensive dealings with the outside world? How should we approach them and how do we communicate any given issue, announcement or item of communication, if you like, so that it is perceived in a positive sense and most crucially the public does what we want them to do or to think? These are one of the key questions; let's call this whole bubble 'the basics.' Without knowing where the basics for the particular function of our business can be found, it can become increasingly difficult 'to sell the message' and we are likely to commit serious flaws that will lead as a consequence to the deteriorated perception of our institution by the outsiders. It is important for a company to apply the following rules and definitions of the audience not only in PR matters, but the techniques are also proving extremely valuable to the marketing and advertising people who can tease just the certain group they need, without diminishing their overall efforts by approaching certain categories that are likely to be offended by the communication. To give you a clear idea, just imagine old disabled man who cannot walk being visited by a salesperson at his house and being offered the brand new pair of the most advanced running shoes to date. The company will definitely be hoping that the given person will take it easy and take it more as a compliment of his actually looking good and capable of the performances past due and find the whole situation amusing. It goes without

saying that this is one of the key PR methods and here is how the institutions earning their trade in the present days approach this challenging task.

‘Target audiences are distinct groups or segments of customers, and clearly defining your business’⁴ target audiences will help you promote the aspects of your business that are most relevant to each group’ is a great way to define the whole problem. The target audience is usually determined by using the set of questions that will separate our audience from the rest. To start defining your target audiences for marketing, PR and other purposes, take a look at the customers or clients you have now.

- ‘Who are your best or most profitable clients?’
- ‘Which group of customers makes up the bulk of your business?’
- ‘What do all these customers have in common?’⁵

When we define what the customers have in common, we can craft our strategy accordingly and attract the highest numbers of the same people possible. We can also use the demographics and psychographics to aid our process of determining our audience. Demographic information categorizes people in categories like age, location, occupation, sex and income. Psychographic factors, on the other hand, define people based on their interests, like people who collect comic books or people who breed cats. Questions to ask yourself about your customers can include the following:

- ‘What is the age range and median age?’
- ‘Is the group primarily male or female?’
- ‘Are they urban dwellers or suburbanites?’
- ‘Are they highly educated?’
- ‘What are their special interests or hobbies?’
- ‘What is their income range?’⁶

It is highly likely that our audience, our customers will have more factors in common and so we are entitled to combine them to as detailed extent as possible. For example:

- ‘Upper-income women with school-age children,’
- ‘Teenagers living within one mile of store,’
- ‘Men over 55 who are interested in digital photography.’⁷

In order to achieve the best relationships with public as possible, the people who are most crucial to our business activity have to make up our primary audiences no matter how we segment our customers. Let’s pretend it is the teenagers who are the most

valuable to us, if we lose them, we are likely to be facing a stiff problems in the days, weeks, years ahead. The next step we have to take is to learn more about our targeted audience. Only by understanding them as best as we can, can we apply and approach them in the way they will relish and only this way will we be able to strengthen the bonds of our relationship as powerfully as possible. Effectiveness is very important and in order to reach a real high level of it, we need to become knowledgeable about our so-called core target. Here is how to gain that knowledge:

- **Asking people in your target audience more about themselves.** Chat with your customers about what they like, or design a short a survey or questionnaire and give it to current customers and people who might be interested by the upcoming launches of products or services. Be sure to explain why you want the information and what you plan to use it for to maintain a high level of credibility. Offering discounts or a prize drawing for those that complete the survey can help you boost your response rate.
- **Listen to what people are saying.** When you get engaged with our clients, or when you are paying a visit to a client, pay attention to what customers say to others. It is no secret that the word-of-mouth is the most powerful source of spreading the information and it definitely cannot be neglected. Take note if some themes tend to come up frequently. Perhaps many of the mothers who visit your store have children on the same Little League team, or perhaps the teens coming in are all communicating with their friends through their cell phones. Simply paying attention to your customers is a great way to get insights on what they are thinking.
- **Visit the places your target audience does.** Stop by some of the places your target audience might visit to get even more insight on their outside lives. If your target customer is the 55-year-old male interested in digital photography, where else is he spending his time? Are there digital photography seminars being held in your neighborhood? Go to them and find out what people are saying.⁸

As we feel we have learned a sufficient amount of information about our audience, it is useful to write down the description of the audience and determine if it will be most

effective to come up with one agenda that will touch upon all the demographics and psychographics or if we should run tailored agendas for all of our unique audiences or only for some of them or if we maybe should run three to four agendas that will cover basically all the segments. To throw more of a sunlight into the matters, let's consider what will be the best option if we have an equal numbers of customers who want either the lowest price possible (these might be made up by people from lower income groups, by young people, etc.) or the highest quality possible (these folks are likely to be wealthy and elderly.) Clearly the best route to take is to develop two separate agendas that will suit both target audiences without damaging the credibility of each other. We might be offering discounts to the people who find money a scarce commodity, while we will provide exclusive service to the people who are concerned by the lack of banking institutions to store their wealth in. This way we are highly likely to achieve supreme relationships with the public affected by the existence of our institution. We will only get to this stage by being precise in our analyses and knowing what the people want. Let's keep in mind that the preferences and climates are changing constantly and we can become successful in long-term perspective only by constantly monitoring these changes and modifying our agendas; actually the most sufficient way seems to not go against the current but flow with it. In order to spread our efforts around, we will need to maintain a high quality level of language and the following paragraph will give us a lecture on how to master 'the managing of language.'

Section 2.2

Managing of language

If a politician or an organization can use an apt phrase in relation to an issue, such as in interviews or news releases, the news media will often repeat it verbatim, without questioning the aptness of the phrase.⁹ It is therefore crucial to choose the words from the wide range that especially the languages such as English have at their disposal. To give you a clearer picture consider the tremendous development in quantity. The Old English that has characterized William Shakespeare's greatness used about 60,000 words, with the playwright master contributing to the total amount by couple of thousands words. Nowadays though, the overall number of words used is...and it is only fair to assume that only a handful of population will guess the number correctly, despite it being quite a picturesque number in its own right. The English

language has in its locker some 995,115 words¹⁰, which is a mere 4,000 words shy of the famous 1 million-words-per-language mark. This is quite some achievement for the language and it cements its place as the most prominent of ‘tongues’ spoken on the planet Earth. However, this astonishing fact also brings up some serious and obvious challenges. For to master the use of almost a million words is becoming more complicated than ever, especially with the constant changing that the world is experiencing every day. There are various agencies, institutions that analyze the impact of the words on the public and that even sell their intellectual property to the manager hungry for the new cutting-edge techniques that can help them beat their most fierce competitors to the lead of a particular market segment. Consider some of the following examples of how to use the language to our own benefit without the need to produce in the science laboratories some sort of miraculous new product. For years the term ‘global warming’ was used as it perfectly explained what our planet’s climate was going through. There would appear to be nothing particularly wrong with this term, but for the fact that it was perceived very negatively and the people were even bewildered by it as every grasp of that word generally reminded the people that the world was getting hotter (warmer) and their beautifully maintained gardens in the mild zones were soon to give a way to subtropical climate that characterizes African countries around Sahara for instance. The general understanding of altitude was also under serious threat every time the word was mentioned as the level of oceans was increasing gradually and steadily every year, which would also lead to the disappearance of the places like Netherlands, Gibraltar and others. For these reasons the choice of the term ‘global warming,’ despite being spot-on in terms of a word choice for a natural phenomenon, was an insufficient one and this fact has led to the pursuit of a more suitable replacement without diminishing the correctness of the term relative to the phenomenon. That came in form of ‘climate change.’ It also perfectly describes what the world’s climate is currently going through and it is seen rather as a positive natural development (there is a saying that is encrypted in the subconscious parts of the brains of many people that states: ‘When something ought to change, it ought to change for better.’) The general level of fear on the minds of people when hearing the term ‘climate change’ declines considerably and we tend to perceive the whole phenomenon in much more of a positive frame of mind as a result. I believe it is now clear that managing the language is probably the second most important ‘tool’ when it comes to applying successful PR

techniques. Fortunately there exists many other ‘sub-tools’ let’s call them that make the task of managing the language much easier than the process of targeting the audience can be. At the end of this segment, I’d like to give you a little insight on ‘the power or action words’ that prove to be a nice little assistant to the PR departments and many others. The influence of management is often strengthened by the use of the following power words: ‘Built;’ ‘Demonstrated;’ ‘Developed;’ ‘Enhanced;’ ‘Facilitated;’ ‘Generated;’ ‘Impacted;’ ‘Implemented;’ ‘Negotiated;’ ‘Revitalized;’ and others.¹¹ Marketing, sales, Human Resources or Public Relations often rely on the undisputable power of the following words: ‘Closed;’ ‘Collaborated;’ ‘Delivered;’ ‘Drove;’ ‘Established;’ ‘Generated;’ ‘Increased;’ ‘Presented;’ ‘Prospected;’ ‘Retained;’ and others.¹² Consider the following example of a press release: ‘Our European division has made a profit of \$15m during the fiscal year of 2007, which compares nicely with \$12m of earnings the previous fiscal year.’ Now, let’s observe how the perception of the press release will be altered to a more positive way by simply incorporating the power words into the delivered message. ‘Our European division has generated a profit of \$15m over the course of the fiscal year of 2007; a significant increase of \$3m in earnings from the year earlier.’ The whole message is given a much more positive drive and will probably result in the increased investment into the shares of the company initiating such business release, therefore meeting the goal this announcement was supposed to achieve. Again it goes without saying that mastering the art of delivering the message to your target audience in the way that best suits their ears is a necessary element of a successful Public Relations portfolio. The following lines are intended to deal with another important aspect, the one of a choice of media and the whole segment will be rounded off by a look at some rather disputable aspects of the whole PR business and that is the presence of lobby groups, front group and spinners.

Section 2.3

Choice of the media

The choice of the most appropriate media is another of the crucial decisions the authorities have to make to deliver their tailored powerful message to the audience they seek. As there is often the need to make an impact on as many people as possible, the media sought most often are the well-known mass media. One of the most accurate definitions states the mass media to be ‘a section of the media specifically envisioned

and designed to reach a very large audience such as the population of a nation state. It was coined in the 1920s with the advent of nationwide radio networks, mass-circulation newspapers and magazines, although mass media was present centuries before the term became common.¹³ Nowadays the countenance of the mass media is in some respects strikingly different to the one present some eighty years ago. The basic principle, however, remains the same and that is to attract the largest audience possible to any given aired piece of communication. The beginning of the 21st century has as the most common types of mass media the following: audio recording and reproduction, broadcasting (the audio signals, the video programs or the audiovisual content), film, internet, publishing (including predominantly books, magazines and newspapers) or video games. Let's get acquainted little bit more with these media to understand them better and utilize them in the right situations.

Subsection 2.3.1

Audio and reproduction

Audio recording and reproduction is closely related to music and songs or any other kind of the sound content. Over the recent years, music has become widely popular, or to be precise its popularity has increased dramatically thanks to a considerable part played by the corporations like Apple (to learn more about this corporation please refer to the chapter 4 of the main body of this academic work) that have really elevated the reproduction and music industry into the unprecedented heights. The simple audio recording of the song was highly innovated by the addition of short films or videos, creating a new popular wave of reproduction that is called the 'music videos.' It is a rapidly growing business and that effectively means there is a huge audience to be reached through applying your message via this form of mass media. It is a very implicit medium, but its importance cannot be underestimated. A great example is the creation of the songs that are closely related to the race for the presidency in the United States. One of the most popular singers including Pink or Eminem who pride themselves with a vast following have recorded songs calling for peace and questioning the current administration of president George W. Bush. Applying the technique of 'reading between the lines,' we quickly discover that such records are highly interesting for the party opposite to that of Mr. President, the Democrats. They have a great platform to build on and it may be due to the neglecting the impact of the audio

recording and reproduction on the side of the Republican party that they will have lost the most coveted seats in the political industry, that of Mr. President at the White House.

Subsection 2.3.2 Broadcasting

Another highly popular and in fact the most used type of media is broadcasting. Broadcasting is made up mostly of radio and television. Despite the rise of the internet that is now able to provide the population with the live broadcasting as well, the two traditional powerhouses still seem to hold on their positions as the leaders of this medium. As most of the news are actually transmitted through various radio and TV stations, it is crucial for the institutions to use this type of media to their advantage. On the sad side, the reputations built for number of years can effectively be destroyed with a one-minute TV broadcast. It seems to be the best choice of media for most of the companies, but there are some downsides to using radio or television for the PR purposes. There is often a very demanding schedule which requires the corporations that have the potential to appear on the screen to fit their message into the strictly timed 'blocks,' which seriously diminishes the quality of the transmitted message. For these reasons the mass media are often negated by the comments such as: 'Mass media possess an inability to transmit tacit knowledge (or perhaps it can only transmit transfer a bad tacit) and is often blurred by the corporate propaganda.'¹⁴ The lack of the actual knowledge that people get when consuming the mass media is arguably the biggest problem to date that the industry still has to solve. One can then be better off to exploit the areas of improvements before everybody else does and get that all-important knowledge on the wide television screens and fit them into the tight on-air time schedules.

Subsection 2.3.3 Film

The next type of mass media is a film. 'Film is a term that encompasses motion pictures as individual projects, as well as the field in general.'¹⁵ Film or movies, motion pictures or the silver screen to name just a few synonyms of the word film is often not

seen as the medium that can get your message across effectively but in fact its contribution is at least equal to that of audio recording. Mind the following: 'Film is considered by many to be an important art form; films entertain, educate, enlighten and inspire audiences. Any film can become a worldwide attraction, especially with the addition of dubbing or subtitles that translate the film message. Films are also artifacts created by specific cultures, which reflect those cultures, and, in turn, affect them.'¹⁶

The thinking behind using the content of the movies to deliver the message to your audience is based on the same aspect as the use of sounds and music to deliver the same. Among the general public, the movie stars are often very popular and they have an influence on everyday lives. Their actions and in particular the personalities of the movie stars are often what the people themselves imagine to be; they indeed see them as their heroes. It leaves no question marks behind the fact that if Rambo or Superman are going to blow up the building of your company headquarters in the movie for the purpose of let's say 'cleaning up the world and making it more peaceful place to live in,' the overall state your corporation is going to find themselves in is likely to be dismal or down on previous standards. That is the reason why if the agenda of raising the awareness of the brand is on the table the competitors in the automotive industry, for instance, will fight hard to get the exclusive rights to supply the charming agent 007 with the brand new Aston Martin vehicles.

Subsection 2.3.4

Internet

Internet is becoming more and more the force in the media world and it almost becomes a necessity to use its undoubted advantages to your own benefits. Internet can be briefly described as a network of networks. Indeed, it is no secret that the highly popular term for Internet, that is 'the Web' is so popular due to very similar characteristics of the traditional web that spiders make to catch their prey so effectively that the prey usually cannot escape. And that is due to nothing else but the amazing complexity of the webs made by spiders. The internet has taken the complexity to another level. PR departments were traditionally seeking to exploit this type of media especially if their target audience was fairly young but nowadays that is more and more becoming an outdated thought. Everything is becoming accessible via Internet now and the Internet itself is also becoming accessible from virtually everywhere. The wireless

connections have paved a way for this dream of the technological gurus and the development is running away at a pace incomparable to any other media. A new generation of wireless devices is set to hit the markets in 2009, bringing with them the speed of connections previously unthought of for a wireless device, which will eventually only increase the demand for the Internet services and the medium will be even more significant to the long-term survival of the institutions.¹⁷ The internet is thus quickly becoming the center of mass media. To illustrate that everything is becoming accessible via the internet, see the examples on the lines below.

Instead of picking up a newspaper, or watching the 10 o'clock news, people will log onto the internet to get the news they want, when they want it. Many workers listen to the radio through the internet while sitting at their desk. Games are played through the internet. Blogging has become a huge form of media, popular through the internet. Even the education system relies on the internet. Teachers can contact the entire class by sending one e-mail. They have web pages where students can get another copy of the class outline or assignments. Some classes even have class blogs where students must post weekly, and are graded on their contributions.¹⁸ As can be seen, the internet thus far has become a dominant form of media and one that has turned out to become a great platform to reach the whole variety of audiences onto.

Subsection 2.3.5 Newspapers and publishing

Publishing is in contrast more traditional and it precedes the internet phenomenon by many years. Publishing is an industry that is concerned with the production of literature or information; the activity of making information available for public view.¹⁹ The people traditionally refer to publishing as to the distribution of the printed material such as the books and magazines. We must not forget though that the previous paragraph has dealt with the internet and internet has sneaked its nose into the publishing industry as well. Websites and blogs are now a firm part of the publishing segment. Marketing and advertisers still consider the papers and magazines to be a great connector with the customers, indeed the recent studies show that even the choice of the color and the frequency of the company's involvement in the particular print can have a significant effect as it can be perceived very positively, averagely or even very negatively. To dive a bit into this problem, the following explanation will help the

potential users of the publishing industry. It shows that using the black-and-white messages airs out a cheap view about the particular institution especially if a certain few number of prints is distributed throughout the magazine or paper. However, a high frequency of grey communication can imply either that the company is serious about their offerings or it can raise doubts as far as the quality of the offerings is concerned. The coloured prints face the situation of a likewise mould. Coloured prints are usually seen as 'rich' and the quantity doesn't have to be as extensive as with the black-and-white prints but over-excessive implication of them can lead to the same problem and that is the doubts over the overall quality offered by the company. It is vital to strike the right balance and to manage the language carefully when using the publishing industry to reach our target audiences but the benefits of the job well done are still enormous. As well as the right choice of the type of papers or magazines. However good the segment in the magazine can be, if the message of the car manufacturer advertising the new vehicle is placed among the pages of the magazine dealing with nature and green issues, for example, it will appear very awkward and it is likely to damage the reputation of both the manufacturer and the magazine alike, it will even disgust the readers, which is just a whisker from being a PR disaster.

Subsection 2.3.6 *Video games*

The last important form of mass media are the video games. 'A video game is a computer-controlled game where a video display such as a monitor or television is the primary feedback device.'²⁰ There always has to be present some sort of the input device such as a joystick, a console, a keyboard, a steering wheel or others. The software that will capture the eyes of the gamers for the hours, make that weeks, to come is then the final piece of the satisfactory video gaming experience. Video games can be exploited in a very similar way as the audio recordings or movies. The racing games, for instance, bear a huge significance to the car makers. It, for example, a Ford will prove to be faster in the race than say a Pontiac, whose sales are likely to be boosted? Similarly the games where one can become a part of the community such as 'Second Life,' which is effectively the '3D online virtual world,'²¹ are attracting the higher percentage of people every week and are becoming an attractive medium to reach the particular target group. Something that was unthinkable just a few years ago is

becoming true now, the word-of-mouth type of communication is growing in importance in the virtual world, in games like 'Second Life,' where one can build a house, start up own business (make money even!) and of course blast the latest pair of Adidas sneakers in front of all his friends, the only difference from the real world being that that blast can be also seen simultaneously by millions of other users.

The institutions are also aware that by going all-out for some of the mass media might not be the best of choices and many times it turns out to be that the heavyweights the mass media types are often portrayed to be can be outclassed by the specific form of communication dating back to the roots of the civilization, 'the word-of-mouth,' that was mentioned in the previous paragraph in relation with the virtual world that are present out there online. One of the toughest nuts to crack is undoubtedly understanding how to make people's speeches, gestures, telephonies, mails, emails and others celebrating your particular enterprise.

Section 2.4

Lobby groups and spinners

The final significant aspects required to graduate from the education of Public Relations is the presence of lobby groups and spinners. Lobby groups or the front groups are used for one main purpose mainly and that is to influence the public's opinion. Front groups are often what the PR practitioners refer to as 'the third party technique—the art of "putting your words in someone else's mouth." Most of the times they are the institutions that at the first sight seem to have a real compassion for the problems you are facing, but in fact they are occupied and badly influenced by the interests of their clients who are trying to reach you via this third party hand. These are usually perceived as the negative part of the whole word of commerce as they mostly seek to strike up the deals for their own benefits without taking into the account the needs of the customers. The whole voting systems can be greatly influenced by lobby groups and it is often the candidate with the deepest wallet that can afford the top-class lobbyists who deliver the extra votes needed to outclipse his or her opponent. However, the lobbyists can also collect a data of invaluable worth as they are dealing with the public face-to-face so to speak and usually it is these people who have the idea of what the people really want, which is that treasure that corporations and their various departments ranging from production development to public relations are trying to dig

out. This section will hopefully provide a great introduction to the world of relationships with the public and will enhance the knowledge of the whole process. The following section is going to deal with the examples of the corporations that have encountered PR successes, nightmares, highs and lows and the intention is to deepen the understanding of PR and how to make the best use of it for the benefits of all.

Notes

- 4-<http://www.marketingpower.com/content19407.php> (Extracted on 16 March 2008)
- 5-<http://www.marketingpower.com/content19407.php> (Extracted on 16 March 2008)
- 6-<http://www.marketingpower.com/content19407.php> (Extracted on 16 March 2008)
- 7-<http://www.marketingpower.com/content19407.php> (Extracted on 16 March 2008)
- 8-<http://www.marketingpower.com/content19407.php> (Extracted on 16 March 2008)
- 9-<http://www.ereleases.com/pr/2002-08-05d.html> (Posted on 05 August 2002)
- 10-<http://www.languagemonitor.com/> (Extracted on 16 March 2008)
- 11-<http://www.emurse.com/blog/2007/02/08/complete-list-of-english-power-words/> (Posted on 08 February 2008)
- 12-<http://www.emurse.com/blog/2007/02/08/complete-list-of-english-power-words/> (Posted on 08 February 2008)
- 13-<http://irish.typepad.com/photos/pr/cutlip0820.html> (Extracted on 17 March 2008)
- 14-<http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1042&context=artspapers> (Extracted on 17 March 2008)
- 15-<http://wordnet.princeton.edu/perl/webwn?s=film> (Extracted on 17 March 2008)
- 16-<http://wordnet.princeton.edu/perl/webwn?s=film> (Extracted on 17 March 2008)
- 17-BusinessWeek magazine (Various sources from the Tech section published between 10/2007 – 3/2008)
- 18-<http://http://mason.gmu.edu/~montecin/netterms.htm> (Extracted on 17 March 2008)
- 19-<http://wordnet.princeton.edu/perl/webwn?s=publishing> (Extracted on 16 March 2008)
- 20-<http://wordnet.princeton.edu/perl/webwn?s=video%20game> (Extracted on 16 March 2008)
- 21-<http://www.secondlife.com> (The official website of the virtual 3D world, developed by Linden Research, Inc. in the late 2003; the current 2008 version of the website used for research)

Main body of the thesis

Chapter 3

Sony Battery recall case study; how the press releases mirror the unpleasant current situation of the technological giant Sony

We will start off the following segment with a closer look at the Sony Corporation. The main purpose of this section is to present the examples of how some of the most prominent institutions of our time approached the difficult task of dealing with the public relations. There are five great examples to be found in this work, each unique in its own way and these case analyses will help to find out the hidden miracle of the successful management of the phenomenon known as PR. The stage is going to be set alight in just a moment when the Japanese corporation with a rich and scintillating history will be uncovered by the raising curtains. Sony Corporation has endured somewhat of atypical and difficult time over the past couple of years, fittingly reflected in their stance towards the unfortunate task of dealing with the manufacturing deficiencies. Here is how the corporation dealt with the biggest recall of any kind of their product in their history.

Section 3.1

History of Sony Corporation

Let's start with the quick little digest into how the corporation earns its market value. Sony Corporation is a Japanese multinational conglomerate corporation and one of the world's largest media conglomerates with revenue of \$70.303 billion (as of 2007) and net income of slightly over \$1 billion based in Minato, Tokyo. Sony is one of the leading manufacturers of electronics, video, communications, video game consoles and information technology products for the consumer and professional markets, which developed the company into one of the world's richest companies. Sony Corporation is effectively the electronics business unit and the parent company of the Sony Group, which is engaged in business through its five operating segments. They are electronics, games, entertainment (motion pictures and music), financial services and other. These make Sony one of the most comprehensive entertainment companies in the world. Sony's principal business operations include the aforementioned Sony Corporation (Sony Electronics in the U.S.), Sony Pictures Entertainment, Sony Computer Entertainment, Sony BMG Music Entertainment, Sony Ericsson and Sony Financial

Holdings.¹ As a semiconductor maker, Sony is among the Worldwide Top 20 Semiconductor Sales Leaders. According to the latest forecast ranking for the 2007, Sony is likely to occupy the 8th slot, way behind the market leaders Intel (boosting their leadership even more significantly by the introduction of the Inter Core Duo processors that are currently considered to be the best available piece of processors on the market.) Intel grasps almost 13% of the market share, Samsung is the second sales leader with 7%, followed by Toshiba on 4%. Sony has a mere 3% share at the moment, presenting them with a difficult challenge of giving corporations like Intel a true run for their money.² The company uses the simple but powerful slogan on which it can be nicely illustrated how the words can matter, the slogan reads: 'Sony. Like no other.'³

Since the company was founded in 1946 shortly after the World War II finally came to its long-awaited end, the corporation has characterized the raise of the modern Japan as it continued to grow, expand and amass success. It has long been known for discovering the niches that if exploited correctly gave Sony a competitive advantage over their main rivals. The quality of Sony products has likewise been regarded high, but as the Millenium bid farewell to the world for another thousand years, the corporation has suffered from various scandals due to insufficient quality of their products, differences of the governing laws in the countries around the world and many others. This unfortunate situation has placed a great stress on the company's management and in order to preserve their strong identity it must have solved the problems confidently, maintaining their strong relationships with the public in the process. The following paragraphs will explore a major scandal and a major recall by Sony to indicate how the mismatches within the corporation reflected themselves in the company's communication with their surroundings.

Section 3.2

Sony's illegal 'spying' software

In 2005, it was revealed that the music CDs Sony was selling had installed a rootkit on the user's computers in order to fight the piracy and enforce the copyrights more sufficiently. The thinking behind this implementation was a wise one, however, the whole operation was soon deemed a major disaster for the corporation. Firstly, the rootkit was very difficult to detect and remove, in addition it also constitutes a major security risk for the affected users and most importantly it is an unlawful practice in

many countries. Clearly a poor project planning on the Sony side has ignited the whole problem and despite their honest intentions, it was forced to uninstall the rootkit from the users computers and boost the level of security as a result. Sony was technically capable of accessing any computer that had the rootkit installed which is in effect very similar to the hackers who log on into your computer and browse through all the files in your libraries. It has effectively acted as a spyware on the users computers and it could seriously limit the performances of the computers. It was not certainly what Sony was hoping for and it is fair to say that they hoped even less for another disaster associated with this issue when they attempted to put the matters right. The uninstaller Sony initially provided to remove the rootkit did so, but in turn installed a dial-home program that posed an even greater security risk. Sony has eventually been able to provide a software that uninstalled all the company's problematic software on the affected computers; the similar program was recommended by Microsoft to all the users of Microsoft XP or other operating systems Microsoft's portfolio contain who were affected by the Sony's gyzmos. Microsoft has hit back at Sony with the press release of Microsoft's M.Russinovich: "This is a step they (Sony) should have taken immediately."⁴ Sony's worries were compounded at the beginning of 2007 when they were suited by various courts for breaching the security laws. The eventual verdict by the U. S. Federal Trade Commission issued a news release announcing: "Sony BMG (the subsidiary of Sony that has created the rootkit) had agreed to settle Federal Trade Commission charges that Sony BMG committed several offenses against United States federal law. This settlement requires Sony BMG to allow consumers to exchange the CDs through June 30, 2007, and to reimburse consumers for up to \$150 for the repair of damage to their computers that they may have incurred while removing the software."⁵ The exact details of the settlement varied from state to state in the United States but were principally the same. It could have been worse but the company has pledged to put the matters right and it thus limited the impact of the scandal on their reputation.

Section 3.3 *Sony Battery Recall*

As the investigation of the illegal spyware software produces by Sony was at its full spin, another major blow struck the corporation. On April 2006, a lithium battery inside the Sony laptop exploded on the Tokyo airport and the laptop caught the fire. The

news quickly leaked out and to make the matters even worse it was revealed that similar deficiencies were encountered not only by other users of Sony laptops but also by people using the laptops powered by Sony batteries such as Toshiba, HP, Fujitsu and most notably Dell. As the year of 2006 progressed, the whole magnitude of the problem became more and more explicit and during August 2006 Sony issued a statement that provided some further details about the battery recall that was at that time affecting some 5.9 million laptops shipped by both Dell and even the iconic Apple in their laptop computers. With the number of recalled laptops reaching almost the eight-figures number, Sony's recall has immediately notched up the top stop of the biggest recalls related to not only laptop batteries but also the technological device of all kind. Sony also said in the statement it was fully supporting the effort, which has rocketed the overall costs to quarter a million of US dollars. The whole overheating problem was explained by Sony's spokesperson as following: "The recall arises because, on rare occasions, microscopic metal particles in the recalled battery cells may come into contact with other parts of the battery cell, leading to a short circuit within the cell. Typically, a battery pack will simply power off when a cell short circuit occurs. However, under certain rare conditions, an internal short circuit may lead to cell overheating and potentially flames."⁶ Sony also claimed it did not anticipate any further recalls from other computer makers. However, despite Sony's strong stance towards eradicating the examples of notebooks catching the fire due to the batteries made by them, the following events has raised another dozens of eyebrows when the overheating and occasional fires related to the batteries continued. In September 2006, Toshiba announced it was recalling 340,000 Sony laptop batteries, Lenovo and another technological giant and partner of Lenovo IBM made the global recall of over half a million laptop batteries. With the turn of the new month came another announcement, this time from Fujitsu who recalled additional 278,000 Sony laptop batteries with the continuous spine of recalls stretching over to 2007 when Acer recalled some 30,000 batteries due to persistent cases of overheating and explosions. At the twilight of 2006, Sony has announced a global battery exchange program in response to growing concerns by customers.⁷ The issue looks to be far from settled and fortunately for Sony it appears to be solved by the Sony initiative and fat checks sent over to the affected producers of the laptops. Sony has of course stopped the development of the faulty batteries that were developed in 1999 and it aims to analyze the problems that caused

the explosion and fires probably on more than 100 laptops over the past couple of years and another types of batteries produced by Sony should be freed up from any kind of repetition of the problem.

However, the doubts over the quality of Sony batteries remain dense in the air, which mirrors the current state of the corporation where some commendable products of our time are made but one can never be sure of their quality and reliability. Likewise Sony's communication with the public often softens the strenuous atmosphere and gives hope for better tomorrows but then the lack of detailed analysis (which also seems to affect Sony's R&D) seriously undermines the credibility of Sony's press releases and the company is forced to put even more of an effort to establish their name, image and reputation. There are some companies though that envy Sony and would swap their situation with the Japanese giant immediately. The following chapter will put under the analysis one of the biggest scandals of the 21st century. Sometimes when things get tough, it may seem that nothing can go right and this is certainly a situation the accounting firm Enron had to face in 2001.

Notes

1-www.sony.net (Extracted on 20 March 2008)

2-www.intel.com and <http://www.sony.net/SonyInfo/CorporateInfo/> (Extracted on 20 March 2008)

3-<http://www.sony.net/Fun/SH/1-35/li2.html> (Extracted on 20 March 2008)

4-<http://news.bbc.co.uk/2/hi/technology/4434852.stm> (Posted on 14 November 2005)

5-<http://www.ftc.gov/opa/2007/01/sony.shtm> (Released on 30 January 2007)

6-http://www.betanews.com/article/Sony_Battery_Recall_Cost_250_Million/1156522330 (Posted on 25 August 2006)

7-http://www.infoworld.com/article/07/04/25/HNacerrecallsbatteries_1.html (Posted on 25 April 2007)

Chapter 4

The accounting scandal of the Enron Corporation; One of the most shocking management of PR and the company as a whole from recent past

Accounting, auditing or any other type of scrutiny and control is always going to be by nature prone to frauds, deceits, conspiracy or simple misunderstanding of the data. It usually bears a significant importance and is considered a key element to transparent business and everyday activities. Not to lose many words over the matter, it has to be said that it is quite an attractive industry too. Many accounting firms therefore have a difficult task of maintaining the credibility and transparency of their business matters, even when there is a tight rope that if boarded successfully and without leaving any traces can easily lead to the years of V.I.P. style of live on the most beautiful of Caribbean islands. It is thus necessary to have the inborn sense for correctness, trustworthiness and transparent practices when earning living while working for the companies defined by the abovementioned characteristics. Sometimes as can be seen today with the four most prominent accounting firms, the right balance can be struck; however the past has also witnessed examples when the balance was not definitely what you would call the state of affairs in the accounting business. The example of the former giant of the auditing and energy industry Enron will provide a great example of a corporation that has totally mismanaged their communication with the public and that has let the promises go with their spoiled practices. We will also take a more detailed look on how the industry has developed over the past couple of years to find out that as the nature will always remind us, ‘every disaster is essentially a foundation stone for the new and more successful beginning.’

Section 4.1

History of Enron Corporation

Let’s start as in the previous section with a quick digest into what exactly lead to some staggering financial margins on the balance sheets of Enron Corporation, that at its peak in the millennium year of 2000 were floating at some \$110 billions in revenue, with over twenty thousands of people priding themselves with the employment contract with Enron.¹ Over the years Enron has developed and entered many business segments and even introduced some, at the time, breakthrough technologies that are now unfortunately long forgotten. Enron began as the Northern Natural Gas Company, which was formed in 1931 in Omaha, Nebraska. It was reorganized in 1979 as the

leading subsidiary of a holding company, InterNorth. In 1985, it bought the smaller Houston Natural Gas and changed its name to Enron in the process and that's effectively where the history of the firm the following lines are dedicated to began. Enron based in Houston, Texas was originally involved in transmitting and distributing electricity and gas throughout the United States and developing, building, and operating power plants, pipelines, and it also dealt with rule of law and other infrastructure worldwide. Enron owned a large network of natural gas pipelines which stretched from ocean to ocean and from border to border.² These were the so-called 'cash cows.' In business terms a cash cow is a product or a business unit that generates unusually high profit margins: so high that it is responsible for a large amount of a company's operating profit. This profit far exceeds the amount necessary to maintain the cash cow business, and the excess is used by the business for other purposes.³ The electricity and gas incomes were the all-important 'cash cows' of Enron, as, and here comes the critical part of the whole process, they were the only profitable assets of the corporation while other many business activities Enron was engaged with couldn't even think of matching such revenues, in fact they were non-contributors to the overall wealth of Enron and some of these, such as the Azurix Aires corporation active in the water sector based in Buenos Aires, Argentina were a big money losers.

If one rewinds back to the beginning of the new century and embarks on the situation Latin American countries found themselves in, with the huge economic crisis in Argentina in particular when the country quickly lost the confidence of investors and the flight of money away from the country increased. During the dawn of 2001, people fearing the worst began withdrawing large sums of money from their bank accounts, turning pesos into dollars and sending them abroad, causing a run on the banks. The government then enacted a set of measures that effectively froze all bank accounts for twelve months, allowing for only minor sums of money to be withdrawn.⁴ It should also be remembered that Argentina was for years suffering from the military dictatorship and even though modern standards will come hard to believe it was possible for the government to enact a measure of such scale, it indeed was possible, even at the beginning of the 21st century. The reaction of the people with considerable levels of natural temper was as furious and devastating for the whole economy as any economic crisis in their history. Argentinian currency, the popular pesos Spaniards defended with pride and passion to keep as their national currency, trying to achieve the same

objective United Kingdom did, was forced to give a way to the ever growing, powerful Euro with its value increasing virtually from day one. With Spanish pesos gone, the progress of the Argentinian peso was seriously hindered and the products became seriously overpriced, the inflation has reached previously unthinkable altitudes and the economic system was collapsing every hour, taking down the national companies as well. In this respect, one has to feel some kind of a compassion for Enron as the corporation could have possibly strike out a new bumper deal that would provide it with a much-needed cash injection, but the circumstances and unfortunate situations prevented it from doing so. However, that is what happens in the business world on regular basis and that is why the importance of the preparation and analysis is heightened, for the prepared are less likely to suffer any sort of undoing Enron has.

Section 4.2 *Ethical issues*

The corporation could have also avoided one of the biggest corporate scandals in history if it was transparent and communicated their real state of situation in honest manner. Enron claimed it grew wealthy via its pioneering, due largely to marketing and promoting power and communications bandwidth commodities and related derivatives as tradable financial instruments, including exotic items such as weather derivatives.⁵ It has to be highlighted here that the company had used the language very effectively (words such as ‘exotic’ for instance, are viewed very positively) and the investors could not discover the real state of affairs for years. Enron was even awarded the title ‘America’s Most Innovative Company’ (currently held by Apple, waiting to come on a big stage in the fourth chapter) by one of the most coveted business magazines ‘Fortune,’ known for its prolific ‘Fortune 500’ ranking of the riches companies in the world, for the unprecedented six years in a row. The experts have hailed the corporation as an overall great company, praised for its large long-term pensions, benefits for its workers and extremely effective management until its exposure in corporate fraud where the cheeks of many who have referred to Enron as a corporation with effective management turned to scarlet red.

Section 4.3

The commencement of the whole scandal

One of the biggest scandals in the history of not only a corporate America, but corporate world has planted its roots in the 1990s. Enron's accounting was serviced to them by the accounting firm Arthur Andersen to whom Enron had a very strong ties. It is unusual in some respects to strike such a close relationship between an accounting firm and the corporation as it is rather simple to manipulate the overall reported financial results of the company. Indeed the stronger the relationship, the more open the doors to such frauds are. At the end of 2001, Daniel Scotto, an influential financial analyst, was the first expert who stated that Enron was likely to implode, and recommended selling all Enron securities, including common stock. He was also the first to divulge publicly the magnitude of Enron's financial leverage and lack of corporate ethics, and to question the reliability of Enron's reported earnings results, despite those results being audited by Arthur Andersen, be reminded still one of the most prominent accounting firms at the time. It was quite a contradictory to what people believed Enron was all about as explained in the previous paragraph. However, when it became clear that the image was blurred and seriously undermined by the persistent problems Enron was facing but failed to address and communicate appropriately, the company was doomed for decline. What the executives of Enron did not anticipate was how drastic the impact of their public 'lies' would turn out to be. As the scandal unfolded, Enron shares dropped from over \$90.00 to just pennies. Many people lost a serious proportion of their wealth in this collapse of a multinational corporation. At the end of summer of 2000, the stock price was riding high at around the previously mentioned \$90.00 a share, but in slightly over a year, the stock price was below \$15.00 a share.⁶ The drop was cushioned by the persistent assuring on the side of Enron's management that the scandal was just a major blip that every corporation once in their history survives. It was pretty much nothing more than a desperate, yet an ill shrewd move that allowed all the parties who sunk Enron down to sell out as much of their shares of the company as possible and limit to minimum the impact on their personal lives. It is only fair to assume that in Enron's case, the intelligence and premium relationships with investors, clients and public stemming from the management of the corporation helped Enron to place a dark curtain between their actual poor business

results and practices, while keeping stakeholders and the governance happy with an exceptional annual reports.

The whole scandal was even more painful as Enron had been considered a blue chip stock, so this was an unprecedented and disastrous event in the financial world. Enron's plunge occurred after it was revealed that much of its profits and revenue were the result of deals with special purpose entities, that is the limited partnerships which it controlled. The result was that many of Enron's debts and the losses that it suffered were not reported in its financial statements. I can hear many readers asking how this might have been possible at the turn of the 21st century, but the answer will clearly show that even in modern world, with the high-class security settings and controls, it is still possible to wisely move money around and create false illusions that are going to make the public and the investors do exactly what the people behind the scenes desire.

Section 4.4

Detailed analysis of the major flaws within the management of Enron leading to the scandal

The financial scandal effectively started when Enron had created offshore entities, units which may be used for planning and avoidance of taxes, raising the profitability of a business. This provided ownership and management with full freedom of currency movement, and full anonymity that would hide losses that the company was taking. These entities made Enron look more profitable than it actually was, and created a dangerous spiral in which each quarter, corporate officers would have to perform more and more contorted financial deception to create the illusion of billions in profits while the company was actually losing money. This practice drove up their stock price to new levels, at which point the executives began to work on insider information and trade millions of dollars worth of Enron stock. The executives and insiders at Enron knew about the offshore accounts that were hiding losses for the company; however the investors knew nothing of this. The scandal was led from the very top unbelievably by the top financial man, Chief Financial Officer Andrew Fastow who was in charge of the team which created the off-books companies, and manipulated the deals to provide himself, his family, and his friends with hundreds of millions of dollars in guaranteed revenue, at the expense of the corporation he worked for and its stakeholders.⁷

The corporation was obviously in a deep financial trouble as all the money was flowing away from the company to a few people seeking unlimited wealth for the generations to come. The assets of Enron, such as their broadband operation, were very difficult to price as Enron sought out the external help to revitalize the corporation. The practices revealed in the previous paragraph were slowly being unearthed as the top consultants, analysts and auditors became examining the real state of Enron's business affairs. The spokesperson at Goldman Sachs, one of the largest investment banks in the world, said in a press release from the beginning of October 2001 that "Enron management has lost credibility and have to reprove themselves in a timely manner." The astonishing development continued just a few weeks later when another press release, this time by Securities and Exchange Comminions claimed that the auditors were investigating several suspicious deals struck by Enron, pronouncing "some of the most opaque transactions with insiders ever seen." At the very end of October 2001, Goldman Sachs questioned Enron officials' claims by making the following simple but very serious statement: "There is an appearance that you are hiding something." All the major executives, including big fish like CFO Fastow and CEO Jeffrey Skilling and Chairman Kenneth Lay kept on hiding the key documents as they sought an outright investment and the much-needed cash injection or the outright buyout. At the beginning of the November 2001, it looked as though Dynergy Inc., the only potential buyer of the rotten Enron's business, was going to make the dream deal of Enron's executives happen. It coincided with the renewed interest in Enron's scandal after the disastrous terrorist attacks on the United States of America. With the external security of the United States enhanced, the country has turned its eyes back on Enron to witness their very brutal end to the business activities, particularly from the employees of Enron's perspective.

On November 28, 2001 Enron's two worst outcomes came true. Dynergy Inc. has pulled out of the proposed takeover, full acquisition of Enron and disengaged unilaterally. Subsequently, Enron's credit rating fell to junk status. The company, having very little cash with which to run its business, let alone satisfy enormous debts, imploded. Its stock price fell to \$0.61 at the end of the day's trading. "Enron is now shorthand for the perfect financial storm," wrote one editorial observer.⁸ Many eyes were now covered in tears and the situation became even worse. Enron was estimated to have about \$23 billion in liabilities, both debt outstanding and guaranteed loans.

Citigroup and JP Morgan Chase, two of the engines of the U.S. banking industry, in particular appeared to have significant amounts to lose with Enron's fall. Additionally, many of Enron's major assets were pledged to lenders in order to secure loans, throwing into doubt what if anything unsecured creditors and eventually stakeholders might actually receive in the now inevitable bankruptcy proceedings. Enron's European operations filed for bankruptcy on November 30, 2001, and it sought bankruptcy protection in the U.S. two days later on December 2. At the time, it was the biggest collapse of the corporation in the United States history, which lost over 4,000 employees their jobs. The saddest moment came when on the day Enron filed for bankruptcy, their employees were told to pack up their belongings and were given a mere 30 minutes to vacate the building.⁹

The difficult and long trials with the executives began, with Mr. Lay dying during the process and many other executives escaping from the trial on virtue of providing the proves and pleading guilty to several charges including bank fraud, making false statements to banks and auditors, securities fraud, wire fraud, money laundering, conspiracy and insider trading. The highest charge was inflicted on Mr. Skilling, former CEO of Enron. He was convicted of the crimes and sentenced to 24 years in prison and charged with restoring the vital pension funds of the employees amounting in total over \$30 million out of his own pocket, which was supposed to be rich in cash from the unprecedented laundering of money. The whole case is not fully closed yet as there are still few trials and matters that will take significant time to sort out. The company's assets and subsidiaries were originally expected to be restructured; however, the unthinkable came true when most of the Enron was to be liquidated. Some of the subsidiaries like Portland General Electric were converted into the independent companies, yet many started to fully function only in 2006, full five years after the disaster. Many other subsidiaries spread all over the world were divested, with shareholders, investors and employees losing all their money vested in these.

Section 4.5

The scandal's impact on Enron Corporation

The long-term impacts of this scandal still remain an unknown. It is worth remembering that the executives considerably contributed to the presidential races before 2001 and were highly influential in many other spheres. The long-term futures of

many people with any professional relation to Enron are placed at the serious doubts as, for example, thousands of Enron employees and investors lost all their savings, children's college funds, and pensions when Enron collapsed. A lawsuit on the behalf of a group of Enron's shareholders has been filed against Enron executives and directors. This lawsuit accuses twenty-nine execs of insider trading and misleading the public. One of the most sensitive issues is the recovery of the 401(k) plan, known as the retirement plan or fund in Europe. It is by definition a contribution plan, so there was no insurance and employees lost the money they invested in Enron stock. They could only sue those considered a fiduciary for breach of their duty based on the relevant section of the laws (ERISA section 404 to be precise.) There is an established non-profit corporation in place trying to cover some or ideally recover all of these benefits to limit the damage of the consequences of Enron's fall to the lowest levels possible. As Enron was also involved in the energy business, proclaimed to be at its core of activities for many years, the collapse of Enron has indirectly led to the election of Arnold Schwarzenegger as the Governor of the state of California due to the widespread public anger over the power crisis and the financial impact of the scandal on the state.¹⁰

Clearly the whole Enron scandal serves as a big warning to the future, but it can now be possibly to uncover unlawful practices more easily and also the protection from another major corporate collapse is much stiffer than before Enron. The investors and traders, for example, are encouraged to preserve and lock out as much profit as possible to prevent it from being exposed solely into the hands of dozens of executives, for whom it might them be rather simple to move the money around into their hidden Caribbean bank accounts, for instance. The press releases and the public statements are now observed and examined more closely and their credibility depends not only on the masterful use of the language but also on relevant supporting details and documents that enhance the transparency of the public dealings. One of the most positive things that came out of the Enron scandal apart from the just mentioned enhanced security and protection are three factors.

The Northern Natural Gas Company, that was effectively the company Enron has evolved from (for further explanation see the opening paragraphs to this segment), was bought back by the original investors and its headquarters were moved back to the city of Omaha, in the state of Nebraska, where the company is continuing its high level of service and production to the satisfaction of the customers and employees alike.

During the biggest corporate crisis in the history, it was effectively the only profitable and functioning segment of Enron and the liquidation was fortunately never on cards. Enron has also contributed to the world of commerce on November 1995 by setting up Enron Online, the first web-based transaction system that allowed buyers and sellers to buy, sell, and trade commodity products globally. It allowed users to do business only with Enron. While the huge cash need of Enron Online eventually led to the disclosure of the Enron Global Finance department and partially contributed to the bankruptcy, Enron Online remains one of the finest examples of the Enron's innovative mindset, where the corporation has identified the niches and business opportunities before their competitors. Unfortunately, they were never properly executed and exploited, these business opportunities. But whenever you are going to log into your online bank account in the future, it is worth remembering that the company that has pursued and in the process sped up the change into this new kind of online 'virtual' business transactions, financial and banking services was effectively Enron.

Section 4.6

The scandal's impact on the whole industries

The state of the accounting industry has also changed. On June 15, 2002, Arthur Andersen was convicted of obstruction of justice for shredding documents related to its audit of Enron. Since the U.S. Securities and Exchange Commission does not allow convicted felons to audit public companies, the firm agreed to surrender its licenses and its right to practice before the SEC on August 31. It would indicate the fallout of another prominent U.S. corporation but three years later the Supreme Court ruling unanimously overturned Andersen's conviction due to flaws in the jury instructions, enabling Arthur Andersen, the accounting firm, to kick start their business activity. Despite this ruling, it is highly unlikely Andersen will ever return as a viable business. The firm lost nearly all of its clients when it was indicted, and there are over 100 civil suits pending against the firm related to its audits of Enron and other companies. It began winding down its American operations after the indictment. Nowadays, the company is active in Chicago, IL, with over 200 employees focusing their attention paradoxically on handling lawsuits. The corporation is now just a whisker of what it used to be before Enron, when it employed 85,000 employees worldwide and it was part of the 'Big Five' accounting firms. After Andersen's surrounding of licenses, the 'Big

Four' remained, namely Ernst&Young, Deloitte, PricewaterhouseCoopers and KPMG. For the large corporations, it still remains a serious distress to manage their accounting as every corporation is required to have two independent auditors examining their books. The pricing of the service is less elastic, due to the presence of the 'Big Four' that are very evenly matched in terms of market share, revenues, and people employed (the highest revenue is enjoyed by PricewaterhouseCoopers \$25.2 billions, followed by Deloitte at \$23.0 billions, Ernst&Young at 21.9 billions and KPMG at \$19.8 billions with the average number of employees almost 150,000 worldwide.)¹¹ The transparency and business practices, however, very much strengthen since the collapse of Enron and the fall from heavens of Andersen. The accounting industry is enjoying a high level of popularity and slowly but surely these corporations are the most attractive places to start up the careers as indicated by the top positions in various Financial Times and BusinessWeek's rankings. The 'Big Four' offers unrivalled salaries, opportunities for personal growth, benefits, diversity of work and others in comparison with the corporations in other industries in particular when it comes to the people at the starting line of their careers. One of the most interesting 'benefits' are the performance-awarded 'executive scholarships' by Ernst&Young, for example, that allow the top performing employees of the corporation to win a week of collaboration as the assistant of the CEO, participating in everyday activities, executive jetlags and various other executive-related commitments.¹² Many of the internal benefits and competitions for the employees are hailed as highly innovative and many of the practices of the 'Big Four' are implemented by corporations in all sorts of industries. However, it is always worth remembering that Enron was also once the member of that prominent 'innovative' group of companies and the previous five pages has served as a great testimony of how influenced the public opinion and perceptions of the corporations can actually get.

The whole Enron scandal, I hope, has reminded everyone of how even being excellent at some aspects of whatever professional function we are involved in, cannot ever mean becoming too complacent, too prudent and misuse the finances of somebody else and commit the most serious of financial frauds possible. The public perception can be influenced every day, but even then the reputations can fall in a day as this example of Enron so nicely illustrated. The people must still feel a sour flavor in their mouths when they look at the many press releases celebrating the innovative practices of Enron, their high profitability, or their ever-so-positive outlooks into the future. Even during

the darkest days with bankruptcy looming on the horizon. It is generally positive to provide a favorable feedback and have a healthy view to the future, but it has to be based on real facts and data. There should never be a room for lies and misleading of the public opinion, it goes without saying that the most powerful messages are those that are well articulated contemplated by the excellent use of language. However, only such that provide the transparency, honesty and credibility are the ones that can move the world on its hinges. I hope the detailed analysis of the Enron collapse will serve as a catalyst of change for better, more convenient business practices in the future. In the following chapter, part of the 'two-chapter' series, we will take a look at the giant aircraft manufacturer Airbus. The mismanagement of the public relations affairs in the high-end industry company will be illustrated, with the following chapter concentrating on the Apple corporation that will serve as a lesson to the Airbus' under performance, enlightening the route to take to seek the premium customer relationships, with the ultimate goal being to become one of the most coveted companies presented on the market.

Notes

- 1-<http://www.forbes.com/2002/01/15/0115enron.html> (Posted on 15 January 2002)
- 2-<http://justice.gov/osg/briefs/1990/sg900463.txt> (Extracted on 22 March 2008)
- 3-<http://www.investopedia.com/terms/c/cashcow.asp> (Extracted on 22 March 2008)
- 4-<http://www.worldpress.org/Americas/373.cfm> (Posted on 10 January 2002)
- 5-www.chron.com/news/specials/enron (Extracted on 22 March 2008)
- 6-<http://www.forbes.com/2001/11/09/1109topnews.html> (Posted on 9 November 2001)
- 7-<http://www.forbes.com/2002/10/03/1003topnews.html> (Posted on 3 October 2002)
- 8-http://news.bbc.co.uk/1/hi/in_depth/business/2002/enron/default.stm (Posted on 17 February 2003)
- 9-<http://specials.ft.com/enron/FT3LG88LVC.html> (Posted on 23 December 2001)
- 10-http://www.democracynow.org/2003/10/6/schwarzenegger_accused_of_involvement_in_96 (Released on 6 October 2003)
- 11-<http://www.toptenlinks.com/cat.php/Finance:Accounting:Firms> (Extracted on 23 March 2008)
- 12-BusinessWeek's Cover Story podcasts, featuring top 50 places where to start the career (Recorded in September 2006 and 2007)

Chapter 5

The study of the under-delivering PR management, that of the aircraft manufacturer Airbus

The aircraft industry is very similar to the auto industry in many respects. The start-up costs are incredibly high and only a few chosen companies can actually enter this rather exclusive business sector, if you like. The companies involved in these sectors and in particular the manufacturers of aircrafts have a huge burden of responsibility. They must ensure that their planes and other crafts are safe and secure and that there's only a slight chance of failure during any flight of any aircraft as despite the label "the safest transportation 'vehicle'" that is glued into the term aircraft really fast, any fall and subsequent crash of a plane is always considered to be a tragedy of considerable extent. In addition, the whole process of building the plane is a very sophisticated one, yet the manufacturers must ensure that the people who are operating the aircraft are not overwhelmed by the complexity of the plane and can ensure a safe passage from any point A to any point B. Aircraft manufacturers make their products mostly for the ordinary people who are in fact the end 'consumers' of the product and their existence is highly significant to the 'systems' that are characteristic for the 21st century. Unlike the auto companies, however, the competition is not taking place among many different brands, in reality there are two powerhouses that, literally speaking, fight it out between each other for the prestigious title, 'the premium provider of the aircraft products.' The competition is very fierce, which can be said in multiple terms about the auto industry as well and competition over the aircraft industry is disputed by the American traditional and very popular corporation, Boeing and the European equivalent Airbus S.A.S Corporation.

The key to winning in this business is to master the craft of making the airplanes and ideally achieving six sigma quality of any aircraft that leaves the company's factory but given the tiny marginal differences that make one corporation win over the another, many other factors, and one of them is undoubtedly the management and the external presentation of the corporation, must be embroidered in order to achieve the best success possible. Any errors in either area can prove the catalyst to the eventual downfall of the corporation's success and in this chapter, we will examine how Airbus, who effectively represent the European Union's productive prowess in relation to that of the rest of the world in one of the toughest industries on the global scale, stacked up

against their competition in this fierce market. Let's get accustomed with the operations and other activities as well as the history of Airbus first.

Section 5.1
History of Airbus Corporation

Airbus based in Toulouse, France is in fact the aircraft manufacturing subsidiary of EADS, a European aerospace concern.¹ For better illustration, think of Airbus as of the merger between Boeing, the American premium aircraft provider, and NASA, the American premium aerospace concern. Giving the whole affair a little more thought, one must surely begin to wonder how come Boeing be an equal competitor to Airbus when in reality Airbus should significant advantage in terms of intellectual property and resources in building the world's finest airliners. The remaining content of this segment will tell us why. Returning to the description of Airbus, despite their headquarters being in France, which should in theory rule out any kind of serious collaboration with other European countries that used to be France's main enemies such as Germany and United Kingdom, the opposite is actually the truth. The airplanes produced by Airbus are the product of four members of the exclusive 'G8'² club and that statement is made disregarding any countries not located on the European continent. With the exception of Italy, Germany, Spain, United Kingdom (yes, it is indeed not an incorrect keystroke) and the HQ country France are all vital contributors to the success of Airbus. The corporation employs around 57,000 people at sixteen sites in four European Union countries mentioned above. The final assembly places, due to their positive proximity, are located in Hamburg, Germany and at the corporation's HQ in Toulouse, France. Airbus is also presented in three other major global players, The United States of America, China and Japan. Airbus' mission, encompassed by their corporate slogan: "Setting the standards," is to provide the aircraft best suited to the market's needs and to support these aircraft with the highest quality of service. The Airbus product line comprises 14 aircraft models, from the 100-seat single-aisle A318 jetliner to the 525-seat A380 - which is the largest civil airliner in service.

For the purposes of the overall page count of this academic work, the rather complicated process of creation and evolution of Airbus Corporation into the form it is known to be today, the history overview will be considerably shortened without being affected by the omission of the most important facts. Airbus effectively began as Airbus

Industrie in 1970 as a consortium of European aviation firms to compete with the American powerhouse companies such as Boeing and less-known Lockheed and McDonnell Douglas. One of the most prolific companies that became Airbus in 1970 were Aerospatiale and Deutsche, Hawker Siddeley or Fokker-VFW, companies, which are some forty years after the creation of Airbus almost forgotten. Curiously, the name 'Airbus' was taken from a non-proprietary term used by the airline industry in the 1960s to refer to a commercial aircraft of a certain size and range, for this term was acceptable to the French linguistically. This example from the birth of the company shows how complicated and challenging it actually is to create a global leader of a particular business industry if the company is to be made of more or less equal proportions of workforce from the leading EU countries.

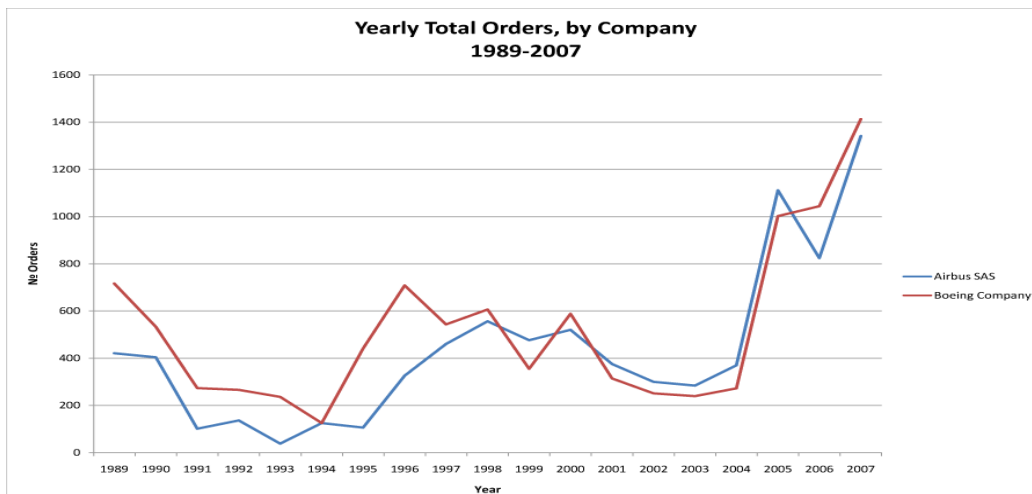
This very problem became very apparent after twenty years of Airbus' existence when the retention of production and engineering assets by the partner companies in effect made Airbus Industrie a sales and marketing company. This arrangement led to inefficiencies due to the inherent conflicts of interest that the four partner companies faced; they were both GIE shareholders and subcontractors to the consortium. The companies collaborated on development of the Airbus range, but guarded the financial details of their own production activities and sought to maximise transfer prices of their sub-assemblies. In the early 1990s the then Airbus CEO Jean Pierson argued that the GIE should be abandoned and Airbus established as a conventional company. However, the difficulties of integrating and valuing the assets of four companies, as well as legal issues, delayed the initiative by years. In 1998, it finally became apparent that the move was inevitable but it took three years for the various aero companies from the UK, France, Germany and Spain to strike the deal that was the most favorable and least 'destructive' to all the parties. A great amount of lobbying and fear was felt from one organization to another that, for instance, the British companies British Aerospace (Bae) and DASA would merge and establish a majority ownership (58%) of Airbus Industrie, a company with a predominantly French heart. The French shareholders of Airbus Industrie paralysed the whole proposal and it looked for a while the negotiations were not going anywhere. However, the issue was resolved in January 1999 when BAE abandoned talks with DASA in favour of merging with Marconi Electronic Systems to become BAE Systems. Then in 2000 three of the four partner companies (DaimlerChrysler Aerospace, successor to Deutsche Airbus; Aérospatiale-Matra,

successor to Sud-Aviation; and CASA) merged to form EADS, simplifying the process. EADS now owned Airbus France, Airbus Deutschland and Airbus España, and thus 80% of Airbus Industrie. BAE Systems and EADS transferred their production assets to the new company, Airbus SAS, in return for shareholdings in that company.⁴

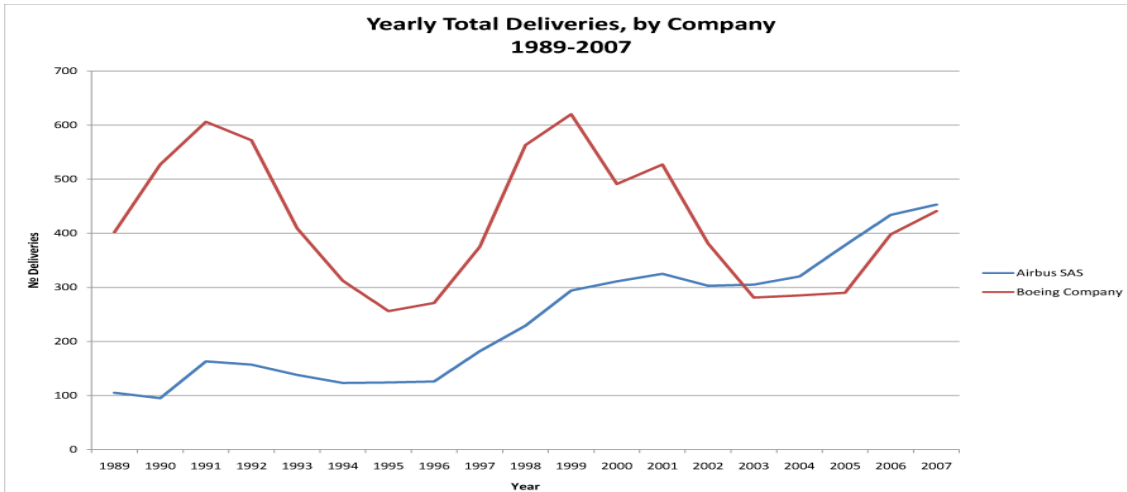
Section 5.2
The intense competition with Boeing

The corporation has revenue of approximately \$181 billion and as mentioned above they and Boeing are the main providers of airliners in the world. In fact, the United States based Boeing and European Union based Airbus represent the duel between the two most advanced ‘countries’ in the world. Their battle and also the deteriorating performance of Airbus closely related to their press releases will be illustrated in the next few lines to help us understand what kind of decisions and moves we should most likely avoid in order to become a coveted, respected, profitable company.

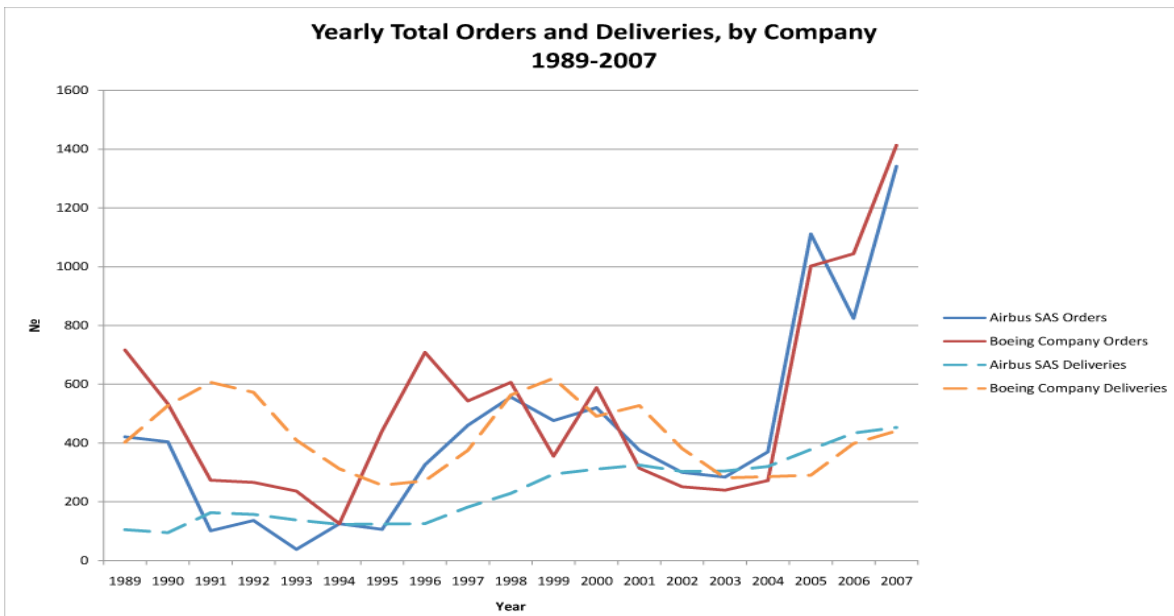
The competition with Boeing is indeed intense, especially when one considers the overall number of orders every company receives. The graphs below show the neck-to-neck race for the premium aircraft manufacturer between Boeing and Airbus.



The graph shows total orders received by the two main aircraft manufacturers from 1989 to 2007. Boeing has topped Airbus for almost ten years since 1989 only to maintain or slightly lose their lead in the following years.⁵



The graph shows total planes made and delivered to customers by the two main aircraft manufacturers from 1989 to 2007. Boeing has again showed Airbus its back as it dominated this area for almost 15 years since 1989, only to fall slightly behind Airbus from 2003 onwards.⁶



Putting the two graphs illustrating orders and deliveries together, we will discover the astonishing trend of a huge increase of orders in recent years that will demand the unprecedented delivery figures, stretching the operations, capabilities and allocation of resources of both companies to its limits. The historic superiority of Boeing over Airbus can also be seen from the graph.⁷

These illustrations, I believe, give the readers a very clear idea of how competitive the aircraft industry is these days. In addition many other aspects are involved such as national pride, different styles of management and others. If there was ever one question that must have immediately struck the minds of the viewers after seeing all three graphs, it must have surely been the following: ‘How could Boeing, the most recognizable brand associated with airliners and planes ever since its foundation in 1917, lose its considerable advantage gained over the period spanning the 90s couple of years after

the turn of the millennium?’ This single question has created headaches in the brains of one of the world’s premium executives, plying their trade at the Boeing HQ at the city built from the scratch, proving that it is possible to create complicated structure of the city and ensure the daily life runs as smoothly and reliably as the Swiss watch, where every person can be truly happy, certain Chicago city located in one of the finest states of the US Illinois. Nobody likes to lose out, especially when beaten by a rival competitor and this very fact and the transformation of Airbus in 2001 were behind the strong initiative of the Boeing board to file a lawsuit against the EU-based Airbus Corporation. On 31 May 2005 the United States filed a case against the European Union for providing allegedly illegal subsidies to Airbus. Twenty-four hours later the European Union filed a complaint against the United States protesting support for Boeing. The very last thing the global world wanted was the two main ‘unions’ to line up against each other, destroying the hopes of peaceful world in the process. In order to rebuke such thoughts, Portman (from the USA) and Mandelson (from the EU) issued a joint statement stating: “We remain united in our determination that this dispute shall not affect our cooperation on wider bilateral and multilateral trade issues. We have worked together well so far, and intend to continue to do so.”⁸

Section 5.3

Disputes over the unfair competitive advantage of Airbus and the allegations of ‘cutting the corners’

The igniting aspect of the aforementioned lawsuit was triggered into fire by Airbus’ claims, or rather wishes, officially confirming it would ideally like the A350 programme to be launched with the help of state loans covering a third of the development costs although Airbus has also stated it will launch the plane without these loans if required. A350 is essentially a direct competitor to Boeing’s most successful project in recent years, the buoyant 787 Dreamliner, the most elegant airliner in existence according to many. It is no secret that Airbus is effectively a subsidiary of the European equivalent of NASA’s division developing the space shuttles and the airforce of the United States. It thus greatly benefits from their expertise which creates the competitive advantage for Airbus, according to Boeing and it is the chief reason behind the surging assault of Airbus’ orders and deliveries of aircraft that has seen Boeing playing the most finely tuned second fiddle in the world to Airbus in this particular

industry. EU trade officials are in response questioning the funding provided by NASA, the Department of Defense (in particular in the form of R&D contracts that benefit Boeing) as well as funding from US states (in particular the State of Washington, the State of Kansas and the State of Illinois) for the launch of Boeing aircraft, in particular the glamorous 787 Dreamliner, the direct competitor to no other plane but Airbus' A350.⁹ It comes as a no surprise that the issue is not solved yet and is unlikely to result in serious fines for either corporation due to distinctive characteristics of the aero industry. It doesn't benefit either company and in particular Airbus who, it seems, have more to prove they are a true fair participant in the market that is not directly dependant on its parent company. The press releases of the top executives of Airbus had an adverse effect in this respect as they handed Boeing a potential ace when it comes to the final judgement.

Section 5.4

Airbus' outlook to the future

At the 2007 Paris Airshow where the most advanced planes are presented every other year, a similar occasion in terms of scale to that in the auto industry where the Detroit Autoshow is taking place annually at the beginning of the year and wraps are coming off the latest hybrids and passenger cars of the future, Airbus announced a very positive outlook into the future. According to the BusinessWeek's insider¹⁰, the members of Airbus' board claimed to receive a history-high number of orders in 2007, couple of tens shy off the 2,000 mark and revealing an ambitious plans of more than tripling the number of airliners made by its factories at the turn of the decade. The construction of the planes, including details such as the paint of the plane, and their overall quality was claimed to improve significantly. It remains to be seen if either Boeing or Airbus will opt to enter the lucrative-to-be-made-again supersonic plane industry defined by the arguably most popular planes of all times, The Concorde. It could well mean a revolution for the aero industry, but the two main players still choose to go rather for an evolution and perfection of their liners instead of going for a radical change that would make a four-hour flight from London to Sydney possible. Returning back to the public statements made by the Airbus' representatives, they proved misleading again (the similar happened in 2005) and the biggest reason why Airbus is currently rooted into the No.2 spot in the industry, with plaudits far and few between,

was not emphasized as well. The biggest downfall of Airbus these days seems to be their poor selling skills that enable them to receive the highest number of orders, but the corporation fails to win the most lucrative contracts that go guess who's way, the Boeing's way. It remains to be seen if Airbus will indeed deliver, for the deliveries of the planes are usually overdue, sometimes by more than two years even, as it appears the corporation is not doing its homework properly and signs up for way too many deals and commitments they are very likely unable to meet. In addition, on 28 February 2007, Airbus CEO Louis Gallois announced the company's restructuring plans. Nicknamed 'Entitled Power', the plan would see 10,000 jobs cut over four years; 4,300 in France, 3,700 in Germany, 1,600 in the UK and 400 in Spain. 5,000 of the 10,000 would be at sub contractors.¹¹ Three plants in total face sell off or closure and other three are 'open to investors.' Such sudden announcement in the wake of the positive outlook into the future at Paris Airshow has resulted in the confusion and most damagingly to Airbus, it has prompted the workforce unions in France to come up with the plans to strike, an incentive likely to be followed by the unions in Germany as well.

Still, there seems to be the light at the end of the tunnel for Airbus and the corporation has recently made great strides forward and tailored its strategy more specifically on becoming the premium aircraft provider. That effectively means striking the most premium contracts that are available in the market place and it doesn't get much better than the exclusive contract with some of the military powerhouses such as, for instance, the U.S. Air Force. It goes without saying that United States is still unrivalled these days in the ultimate power and reach of its military operations ranging from the classic U.S. Army to the U.S. Navy, including the most 'high-end' air force division on the planet. Boeing was always regarded the 'darling' of the United States corporations and as was outlined in the earlier part of this chapter, Boeing has successfully outclassed fine American competitors such as Lockheed, for example, over the past couple of decades. Boeing also held a stronghold of the premium contract to build fighters, tankers and other army planes for the U.S. military over the past years and the Chicago, IL-based company has benefited tremendously from this very profitable deal over the course of the contract. So, there we have the executives of Airbus using the most advanced videoconferencing to bring together one the finest European minds to create a thoughtful, difficult-to-grasp and achieve strategy that will

take the company to the next level and will help it to fend off the persistent, neck-to-neck major competitor Boeing.

In order to finally inflict a serious wound in the heart of Boeing's competitive advantage, Airbus has teamed up with Northrop Grumman (an aerospace and defense conglomerate that came into existence back in the year of 1994 when Grumman was purchased by Northrop; NG is effectively the second largest defense contractor of the U.S. military and the premium builder of naval vessels) to seal one of the most lucrative contract in the aerospace industry. The \$40 billion is the total worth of the contract to build the new line of U.S. Air Force tankers previously made by Boeing who at the moment still holds onto the other U.S. Air Force contracts, but has seen its dominant position in this segment deteriorate significantly.¹² At the expense of its major rival, Airbus, who has now put his head right into the heart of Boeing's lucrative contracts that are at the moment the primary difference separating the leading player of the aerospace industry from its biggest adversary. It is going to be very interesting to follow the developments of this raging battle between Boeing and Airbus in the years that are ahead of us and the under-delivering management of Airbus could potentially emulate the most successful gold miners of the famously labeled 19th century time period, the so-called 'Golden Rush'. Like the gold miners who have discovered vast resources of gold that enabled them to consistently retain the cutting edge over the other not-so-lucky (or should we rather say 'incompetent'?) gold miners for decades, Airbus can turn the current situation around and retain the 'leading player of the aircraft manufacturing industry' title for many years after it had usurped it from Boeing in some fashion, by stealing its most valuable contracts from underneath their palms.

However, it is clear that the press releases and the communication of the Airbus decision makers leaves a lot to be desired and it is an example of how the contradictory statements and claims, not supported by the real facts that in the final accounting matter only create false impressions and lead to confusions, union strikes and in the darkest scenarios to riots and violence. Airbus is a significant contributor to the European Union's economy and it could well become its favorite son if it has managed its processes and operations more properly, more transparently and learnt to present the facts on the real honest assumptions that do enable the people to see the real state of the condition the company is in. Certain Enron has done otherwise and it effectively ceased to exist after their wrongdoings were discovered. It has to be said on Airbus' defence

though, that it is one of the biggest challenge to make Airbus a real success due to reasons ranging from its multiple ownership to cultural differences between French, German and British that require no additional words of explanatory manner. Yet, the ultimate success could be achieved and it is believed that the foundations for such future success had been laid out. In the following chapter we will take a deeper look into what makes the Apple Corporation such a hit on the markets and why all the universities where business-related and management-related subjects are thought use Apple as the 'perfect' case study of how to do business, management and much more.

Notes

1- <http://www.airbus.com/en/corporate/> (Extracted on 24 March 2008)

2- For further description of G8 countries, please see, for example, the extract on state.gov, under the link: http://usinfo.state.gov/ei/economic_issues/group_of_8/what_is_the_g8.html (Information extracted on 24 March 2008). G8 effectively represents 65% of the global economy and the 7 of the 8 largest military forces are represented in G8 group as well.

3- <http://www.airbus.com/en/corporate/> (Extracted on 24 March 2008)

4- http://www.eads.com/1024/fr/investor/News_and_Events/news_ir/2001/2001/fr_20011207_aicfin.htm (Released on 12 July 2001)

5- http://www.airbus.com/en/corporate/orders_and_deliveries/ (Extracted on 25 March 2008)

6- "See you in court; Boeing v Airbus; The Airbus-Boeing subsidy row", available at *The Economist*, *The Economist Newspapers*, (Published on 25 March 2005)

7- http://www.airbus.com/en/corporate/orders_and_deliveries/ (Extracted on 25 March 2008)

8- <http://edition.cnn.com/2005/BUSINESS/05/31/eu.boeing/index.html> (Posted on 31 May 2005)

9- <http://news.bbc.co.uk/2/hi/business/4481983.stm> (Posted on 26 April 2005)

10- *BusinessWeek's Global Outlook* podcasts, a direct reportage from the Paris Airshow 2007 (Recorded in June and November 2007)

11- <http://news.bbc.co.uk/1/hi/business/6404673.stm> (Posted on 28 February 2007)

12- <http://edition.cnn.com/2008/US/02/29/air.force.tankers/index.html> (Posted on 29 February 2008)

www.airbus.com – useful contributor to the work

Chapter 6

The study of the over-delivering PR management, that of the technology corporation Apple

It is hard to get to the very top. In almost every area or activity you can think of. It is extremely hard. Whether you ply your trade in sports or on the business field. It is exhausting and only the very best make the cut to the Hall Of Fame. For possessing the most magic of touches or for discovering the technology that will enable people to travel from Los Angeles to New York in less than an hour. It requires determination, agility and mental strength to perfectly blend with the exceptional skills that are necessary for the given segment. It requires a tremendous amount of sacrifice, but nothing can equal the feeling of reaching ‘the heavens,’ the sky. It is believed by many to be the finest situation a human can find him or herself in. This brief, spot-on analysis gives a clear idea of the importance of doing things right and delivering at the 100 percent of ability. Yet, the way of actually getting into such position still remains seriously blurred as our vision immediately after the transition from the sleeping mode into the ‘working’ mode. The questions like: “Ok, that is very clear what is needed in order to be successful, but how to actually obtain the needed and use it always or in the majority of times in the right way so that the ultimate goal is reached?” or “How to be successful, how to make it?” echo many the rooms around the globe. Over the years, I haven’t seen many institutions or groups of people who would be more successful at what they are doing than the corporation based in the famous Silicon Valley, at Cupertino, California to be precise, Apple Incorporated, and I thought to use them as an example of an organization that has over-delivered and reached the mythical heights described in the preceding lines was a perfect decision, such that the very best need to make on regular basis in order to achieve the supremacy and maintain it.

Section 6.1

The most important people of Apple and the history of Apple Corporation

The key man behind the just-recently medium-sized and underachieving sleeping giant of the technological industry are Steve Wozniak and the colorful Steve Jobs, currently serving as the CEO of the corporation he has co-founded and swooping the top honors one can be awarded with in the business environment ahead of such aces as Rupert Murdoch of News Corp. who is having a great influence on us all with his

control of some of the major news-delivering agencies, for a lack of a better term, Eric Schmidt of Google leading from the chairman desk arguably the fastest growing company of recent years or the well-known ex-holder of the prestigious title 'The Richest Man In The World' Bill Gates of stagnant technological giant Microsoft.¹ These names are no walk-overs and it comes as a no surprise that Mr. Jobs and his company are so successful these days when we take a closer look at the way they tackle their business segment and most essentially, the way they communicate with the public and their mother-like care for the beloved customers of Apple products.

Let's shed a little bit more light on Apple now. Apple is a maker of computer hardware and it develops the computer software and it compounds its main business activity by their participation in the consumer electronics market. In addition to these, the company has also revolutionized the music industry and it appears to be setting their sights at doing exactly the same with the movie industry (that is, yes, unthinkably Hollywood as well). Apple has developed arguably the most secure of operating systems named 'Leopard' and its range of software and hardware products is unrivalled by other corporations involved in the tech industry. Apple has also managed to a satisfactory extent to combine the use of their products for various traditional tech devices of the household such as television, audio recorders and of course the core focus of their activity is still on the computers. Some of the most prolific products made by the company over the years include: personal computer series 'Mac', formerly known as 'Macintosh', the computer that has set the bar much higher than anyone expected with the relation to the graphical user interface (GUI) at its launch in 1984 (GUI comparable to today's standards still), 'Mac OS X', recently renamed to 'Leopard', an operating system for Mac computers, 'iPod', portable digital audio player and the crucial software that makes iPod truly special, the 'iTunes' where one can legally download music content, TV shows, podcasts, movies, music videos, audiobooks and many more. 'Safari', an internet browser or the recent hit, coveted 'iPhone', which has turned the personal phone industry upside down with its advanced software that is as with the iPod the key to most of the features that make iPhone much more than a classic phone used for the communication. Apple has incorporated GPS system in it, as well as wireless internet and email access, the whole 'iPod section' is a firm part of iPhone as well as many other features. Another highly advanced technological product is 'Apple TV', a digital media receiver that acts as a network device designed to play digital content

originating from the 'iTunes Store' or another computer onto a high-definition widescreen television. Early in February 2008 at the MacWorld², Steve Jobs also announced the new section of the iTunes Store, the so-called 'Apple Movie Rentals', enabling the customers to rent a movie for 24 hours instead of buying it for a fraction of the price from a wide selection of titles from the top brands such as Warner Brothers, 20th Century Fox, Columbia Universal, Disney or Pixar to name a few.

Apple employs around 20,000 people over 3,000 on part-time basis, which is an unusually high proportion for one of the leaders in the industry, stressing Apple's flexibility. The company's shares are boosting in value, operating income is well above \$4 billion in fiscal year 2007, a figure that is virtually the same for the net income as well and the Apple's revenue is currently at \$24 billion.³ Apple Corporation was founded on the 1st of April 1976 at around the same time as Microsoft who have over the years become the greatest rival of Apple, including the infamous 1997 tussle over the operating systems and breach of copyright laws that has eventually been won by Microsoft who has distributed their Windows platform all over the globe virtually and at the same time almost destroyed one of its main rivals. Apple is still predominantly an American brand, with a little presence on other global markets, a fact which didn't help to ease the impact of the ruling. The whole dispute has dragged Apple into its history lows, but it has also been the catalyst for change and that came when the once-fired Steve Jobs was hired by Apple in '99 from Pixar to rejuvenate the corporation. Here is where the necessary foundations for a successful, exemplary resurgence of Apple were laid out.

Section 6.2

That's where it all began

At his comeback arrival at the office, Mr. Jobs attended the quarterly meeting with the senior board members and as per legend the famous question was asked by one of the directors: "What is wrong with this company?" Nobody seemed to know the answer and it looked as though the long-term future of Apple was in serious jeopardy. But then Steve Jobs said plainly: "It is the product." He has immediately caught the attention of all the members and went on to present the products that later proved to be the saviors of the corporation such as the iconic iPod or the iMovie, software used for video editing, which immediately became the market leaders and their popularity has

reached phenomenal heights. Apple has also made series of important acquisitions, some of them proved incremental in the creation of iMovie or the Apple Online Store where the customers could purchase Apple products ever since 1997, which at that time was a solely untapped market opportunity that the corporation grasped with both hands. Apple has up to that point been mostly about computers and the related software and their attention has been on the evolution of their powerful Mac machines. However, with growing stiff competition, not only from within the United States where Dell and Microsoft has always made life difficult for Apple, the new players entered the market such are Toshiba or Lenovo. The tech industry is similar to auto industry, albeit in slightly different manner than the aircraft industry is. GM and Ford are the prominent U.S. based manufacturers who have been recently dragged into deep troubles when the ‘green’ and efficient Japanese car manufacturers like Honda and Toyota stole the thunder, not only on the American market but worldwide as well. At the beginning of the 21st century, Apple could have found themselves in a similar and many factors pointed out to even worse situation and so they had determine what their long-term future was going to be comprised of. The products such as iPod or the recently launched iPhone provide the answer for us.

Section 6.3

Customer first and foremost

The corporation has opted to focus entirely on the customers and on the people. If one thinks of Gucci or Armani, the range of very luxurious fashionable products immediately appear in the mind. The name itself stands for the best quality there is contemplated by a royal design that gives the clothes and accessories by Gucci and Armani the true class. Apple has embarked on a very similar mission differing only in one respect and that is the financial affordability of Apple products for the ordinary people. Whether you purchase the Mac computer or laptop, opt to get blown by the numerous features of iPod or iPhone that include not only your personalized music and video library but also maps, instant location and navigation, wireless high-speed internet, the clearest of screens that allows you to read thousands of pages of whatever kind of text or use the device as your personal trainer; whether you choose to buy a software from the rich Apple’s offering that will bolster considerably the professional degree of your work output, you can expect to receive the product of your choice in a

beautiful neat packaging that blends the fashionable aspect with the need for protection just perfectly. If any problems arise, Apple has its own maintenance network that will provide a help to any of customers in the need within 24 hours in the United States or within 3 days globally, even if the whole process of eradication of errors means traveling to the home of customers.

Section 6.4

The innovative approach to key to the future

Apple doesn't rest on its laurels too; they constantly introduce the breathtaking new products, most recently the 'Mac Book Air', the world's thinnest notebook. You can get the sense of how thin the notebook really is from the picture below.



The pictures show the MacBook Air's profile illustrating the incredibly thinness of the laptop as well as the cover of the notebook that shows Apple's exceptional feel for the design of the products that is one of the primary reasons behind the unusually high level of ever-increasing loyalty of Apple's customers.⁴



Another example of Apple's feel for the fashion and personification of the products. Is this a wallet, polished piece of gold or is it indeed a golden Apple laptop? A question that is certainly not easy to answer.⁵

Possibly the greatest technological advancement that goes with the launch of MacBook Air is its considerable power and speed that is only slightly compromised by the incredibly tight spaces that were available to developers during the manufacturing process. The trade-offs are more than acceptable, in addition the *thickest* part of

MacBook Air notebook is in many cases still *thinner* than the thinnest part of the rival notebooks made by Sony or Toshiba, for example.

It has now become a tradition that there is an annual ‘MacWorld Conference and Exposition’, it has also become a tradition that a product that is going to become a huge hit over the upcoming year is presented to the public in the spectacular fashion. Indeed, Apple has evolved tremendously over the years and elevated the standards of the tech products into the previously undiscovered heights. This is an exemplary example of doing the business as not only company’s profits are being injected all the time, but the satisfaction of customers cannot even be measured. Apple’s and Mr. Jobs honest approach to media has also paid its dividends. In recent interview with CNBC, an interviewer gave Apple’s CEO a question concerning Apple’s proclaimed entry into the movie retail business. Steve Jobs gave the current rather pessimistic view of that, but indicated the corporation is currently reviewing its options and it would try to negotiate deals with the major movie producers in order to enter this market. He claimed he expected major announcement to come within 12 months, a claim fulfilled by the opening of the brand new ‘iTunes Rental Movies’ online store at the MacWorld Conference.

Section 6.5

Exemplary stance towards wrongdoings and a sustainable future

Apple has also set standards on how to handle possible internal corporate wrongdoings when it announced that an internal investigation “discovered irregularities related to the issuance of certain stock option grants made between 1997 and 2001” at the beginning of June 2006. The Special Committee was also involved in the investigation of the whole issue but no dirt with regards to the credibility of the Apple’s stock was discovered and Apple was even publicly praised by the committee for “swift, extensive, and extraordinary cooperation”. One of the biggest moves Apple has made and achievements that go beyond the benefits only for the people and the shareholders was not mentioned yet, though.

As is well-known within the engineers circles at the tech companies, many of the products are made from the substances that are harmful to the global environment and with the recent mammoth rise imposing the strict standards on the products manufactured, one of the biggest technological challenges, apart from cramming the

ultra-fast processors and other little tech gadgets into the miniature spaces of computers and laptops, was to abort using the traditional harmful substances such as mercury, for example and replace it with the 'clean', 'green' elements such as LED (light-emitting diode) used in Mac's laptops as the primary source of energy. LEDs are very environmentally friendly as they are also used in the process of the sterilization of water or in the process of disinfection of devices.⁶ Since 2001, Apple has been the leading player in integrating these 'green' technologies into its range of products and the attacks and discomfort from the major environmental institutions such as Greenpeace, for example, has been virtually wiped out from the equation. Few years ago, Apple was ranked the last of ten major electronics companies in dealing with toxic substances in their products, mostly due to a lack of relevant documentation and timelines. Mr. Jobs letter and insistence on 'greening' Apple's range of products, which consequently proved to again bring a great benefits to the corporation as the name Apple itself stands for possibly the best example of fruit, nature and environment and to produce a toxic Apple products would not really make much sense at all. Apple has leaped towards the very front in making the environmentally friendly products and the stance of Greenpeace and other institutions towards Apple has ameliorated greatly.

The management of the corporation seems to be heading in the right direction and it remains to be seen whether Apple can sustain the momentum and keep on amazing its customers, wide public or even softening the green environmental hearts in the future. For the time being, we can take a lot of useful advices and tips from the way Apple approaches the business and does not hesitate to constantly evolve and enter new markets. It cares for the Earth that enables them to live, it cares for the customers that enable them to survive and it also cares for the employees that enable them to thrive. As mentioned on the opening page, Apple has the most benevolent working conditions that enable every person to tailor the work commitments with the personal life and thus perform at his or her best for both the company and the family. It is only a pity that Apple's example is not followed by other corporations, but the outlook as is the standard with Apple is ultra-positive with many institutions 'case studying' Apple and implementing the learned into their own processes and businesses.

Notes

1-Business Week's Cover Story podcasts, featuring the most prominent business leaders of 2007 as voted by the readers of the magazine (Recorded in March and April 2006; March and May 2007; and also in March and April 2008). For further underlining proves of Apple's and Jobs' popularity, please see www.ft.com or The Economist magazine (www.economist.com); Fortune 500 detailed analysis gives an evidence of Apple's growth as well, please see <http://money.cnn.com/magazines/fortune/fortune500/2008/index.html> (Continuously updated).

2-MacWorld is an annual conference organized by Apple, where the company's mission for the upcoming year, as well as the product ranges to be released are presented to the public. Exclusive conference, attendance possible by invitation only. See the footage of the 2008 MacWorld conference at <http://www.youtube.com/watch?v=Yz1-cPx0cIk> (February 2008).

3-<http://www.apple.com/pr/library/2007/01/17results.html> (Released on 17 January 2007)

4-www.macworld.com (Extracted on 27 March 2008)

5-www.123macmini.com (Extracted on 27 March 2008)

6-<http://electronics.howstuffworks.com/led.htm> (Extracted on 27 March 2008)

www.apple.com – useful contributor to the work

Chapter 7

The future direction of PR's focus? The case study of Microsoft + Dell Red Line range of products

I thought it would be appropriate to finish off this main content of the diploma work with the little overview of the most recent trends in the business relationships. As was the case with Apple, the people have begun to realize how important is the sustainability of Earth for the generations to come and have started to ask and adjust their life habits in such way that the impact on the environment is minimized greatly. Yet the result don't seem to be coming, in fact the contrary is true as last week another warning sign was sent over to us humans by the planet when one of the largest ice shelves, the 'Wilkins Ice Shelf' (of the size of approximately New York City) on the Antarctica continent began to break up at the end of the Antarctic summer. It is another natural disaster, if you like, that we would like to never come across to, especially if we own a beautiful house on the Netherlands' shore. The more environmentally friendly our products will be, the better the chance that we will alert the direction of the climate change from heading towards really hot years to a relatively cool period of time. It is a necessity, yet there are even bigger challenges ahead. The time when corporations were all about making money and getting rich while all the surroundings were getting poorer, the times when the makers of every kind of goods could freely choose what material they were going to use, these times are long over. The times when a good speaker could easily win the major deals for its employer by describing the future and investments in the nicest words also seem to be coming to an end. Nowadays, many departments within corporations are very closely nit and integrated. The dealings with public or press releases are now made hundred times stronger an influencing tool when the R&D comes up with the breathtaking new technology that will save people great amount of time and great deal of money. One photo of eye-catching design might be all it takes to convince the public. However in 2008, the corporations need to think beyond the traditional methods some of them even described in the introductory section to this work. Thinking 'green' is also about to be 'out'. Not in a sense that the corporation should cease the developments of the bio-fuel engines of course. Nowadays everybody is expected to comply with the strict set of rules that will hopefully prove to be the savior Wilkins Ice Shelf, Amazon Forest and many other places on the Earth that precede us humans by years need. But what about running the corporation in a human

caring way? That is a rather revolutionary thought, yet the benefits are there even for a blind to see. And they must be exploited. There are many problems that the upcoming 'Millennium' generation is going to tussle with as the sunset of the reign of 'Baby boomers' approaches. One of the many problems that, I predict, will become an increasingly important issue that will have to be solved few years down the timeline is the disastrous condition Africa, in particular, and many other developing countries find themselves in.

The national governments and even the unions such as the well proclaimed European Union or NATO cannot do miracles to help the not-so-lucky nations find their feet in today's commercialized world. We have come into the stage where whether you visit Shanghai, Melbourne, New York, Mexico City or Barcelona, you will probably get the chance to sleep over at the Hilton's hotels, eat a quick and ever-so-tasty 'Double Cheeseburger' at McDonald's, have a business meeting with the folks from P&G, Ernst&Young, GE or Exxon Mobil, and travel back to the place where your biggest pleasure can be found, to your home by Ryanair or Delta Airlines Boeing 747, reading the latest issue of New York Times on the long flight home. You get the picture, there are more multinational companies, employing more people and generating larger revenues than ever before. They take a lot and the population increasingly expects them to give back and help out when it's most needed. In fact, they have the potential to achieve what the governments will hardly ever do and that to provide such strong and essential financial backing to the global causes that will actually prove to be the baseline and the major step towards the ultimate solution of these problems. In the following lines, we will take a detailed look at one of the projects that has just recently been announced by two powerful multinational global brands that is aimed at eradicating HIV/AIDS from the African continent and harvesting this beautiful place where we all somewhere can find the roots of our existence.

Section 7.1

A new way forward? (PRODUCT) RED campaign

At the end of January 2008, one of the most significant announcements of recent years was made. Bill Gates, the prolific chairman of Microsoft and for long years the richest man in the world, and Michael Dell, the CEO of Dell Corporation ever since a tender age of 25, launched a new line of Dell products to benefit the '(PRODUCT)

RED' campaign. The (PRODUCT) RED campaign was launched in October 2006 by Bono, the lead singer of the U2 group and is aimed at providing the much-needed vaccination for the people struck with the HIV disease in Africa predominantly among other major commitments and activities the campaign sparkles with its approach. Microsoft and Dell jumped on this red bandwagon on the day of the announcement with three (RED) branded computer systems as part of the initiative to increase awareness and support in particular 'The Global Fund' to help people living with HIV/AIDS in Africa. Microsoft/Dell products are joining the growing range of (PRODUCT) RED labeled products such as Armani watches, American Express' credit cards or Converse footwear. Adding to the current (PRODUCT) RED range of specially marked consumer products will be a red all-in-one XPS one desktop, and two XPS M1330 and 1530 laptops. The branding will not stop at hardware, though. Microsoft's also stepping out of its way to ship a customized version of Windows Vista with these PCs featuring an exclusive and presumably red wallpaper, Sidebar gadget, screensaver and Dreamscene video.¹ The biggest downside of this initiative seems to be the unavailability of online downloads of this RED branded software that could be implemented on the older versions of computers and raise the capital necessary to fight the causes of diseases in the developing countries. Yet, it is admirable that the biggest powerhouses such as Microsoft and Dell are getting more and more involved in such projects. It is even more encouraging to see the (PRODUCT) RED branding of Apple's iPod classics being introduced at approximately the same time period as Microsoft/Dell initiative. The reign of the diseases such as AIDS, that caused more deaths over the years than the well-proclaimed disastrous effect of 'bubonic plague' or 'the Black Death' on the European population during the 14th century, could well be effectively over within a couple of decades.

Section 7.2

The real impact of the RED range of products

The most innovative and rewarding factor about RED products is that the specially-colored goods do not vary in cost from its standard contemporaries. A RED XPS One will cost the same as a standard ebon version of XPS One; the only difference being that by purchasing the RED version you are literally saving lives. Dell will send a \$80 contribution for *every* RED XPS One sold and \$50 for *every* RED XPS laptop. That

is quite a significant percentage of the overall price of the products, but it is even more significant what difference such relatively mediocre amount of money can make to the people suffering from the aftermaths of infection by AIDS. \$80 could buy 6 *months* of antiretroviral treatment for 1 person. More significantly \$50 can buy **416** single-dose treatments that help prevent transmission of HIV from mother to baby, which I personally see as the key to eradicating HIV disease from the Earth's surface. As with the open approach of corporations with regards to environmental issues, similarly in this case more than the shareholders of Microsoft and Dell are reaping the benefits of the cutting-edge products. The end users will certainly be inclined to like the fact that their money are used for a good cause, the initiative helps to raise the awareness of the global problems and the society as a whole can for the first time in history unite in a true global sense of the world and cleaning itself of poverty, fatal diseases, natural disasters and more. Then only, I believe, the existence of the large multinational corporations making billions of dollars can be truly justified and the (PRODUCT) RED goes a long way to show what the difference it can make when people shift their mindset from amassing as much as wealth as possible, but take more of a joy from distributing it instead.

This initiative, (PRODUCT) RED range, can serve as an example to other corporations of how to make their products useful not only to their customers, but also to the global population as well, how they can help improve the living standards of us all and yet at the same time deliver what the CFOs of virtually institutions were hired for, a profitable financial results and a 'black' balance sheet. It doesn't end here, fortunately, as over the recent years many other projects were announced, one of the most notable being FC Barcelona's (one of the largest sports clubs in the world) partnership with UNICEF that is primarily aimed at providing education and health treatment to the poorest nations in the world, such as Swaziland. Or the introduction of biofuels and recovery energy systems into the racing's most coveted disciplines such as Formula 1. These may in the near future make the transportation much more efficient and ensure one can take a flight across Antarctica and see the beautiful huge ice shelves and the bears, penguins and others living happy lives along the shelves edges. The future may be much brighter than it might have appeared just yesterday.



The (PRODUCT) RED labeled products that all share the same common goal of saving thousands of lives: Motorola Razor, American Express, Converse shoes, Dell laptop and printer and iconic iPod.

Notes

1-<http://www.windowstviamagazine.com/US/05582469248886528036/microsoft-dell-red.html> (Released on 23 January 2008)

2-<http://www.windowstviamagazine.com/US/05582469248886528036/microsoft-dell-red.html> (Released on 23 January 2008)

Conclusion

Chapter 8 Conclusion to the world of Public Relations

Section 8.1

Brief summary of the introductory part of the thesis enriched by the recommendations to entrepreneurs, mid-sized businesses and global corporations as to how to effectively use Public Relations

This academic work has gone a long way to enable the readers to grasp the idea of the communication and management of the modern companies and understand what is the real value of the corporations, or rather what it should be. One could also learn how easily the public and the surroundings of the firms can be influenced by masterful use of some of the tools that in some cases make the PR work a real art; tools such as managing the language, determination of target audiences or learning in depth about the customers in order to try to tease them, unconsciously persuade and convince them to keep their money from the savings bank accounts.

The introductory part has focused on emphasizing the corporations' stance towards its externals and the job descriptions of PR managers and their directs were enlightened to a considerable extent. The people are the real driving factor of the contemporary companies and as the information becomes an invaluable commodity there should be no excuse not to perform and deliver on the promises and strategic plans from the headquarters of the institutions. I personally believe the accumulation of the stats, data and information that help to determine the key factors that drive Public Relations, that is, put into one statement, the right choice of appropriate language to appeal to the particular group of people that is seeking the products and services of certain characteristics that your corporation has the resources and skills to make or provide, is becoming easier and easier as the technology is constantly developing and enabling its users to get more reliable information out of it.

It becomes, therefore, vital, in order to gain the competitive advantage over the competitors, to not only apply the techniques and tools in the right way and to chose the correct type of media for each particular target audience, but to find the new, previously unseen or unheard of gems, slogans, uses of medias that catch the eyes of the prospective customers and persuade them to stick with your organization and/or its

products and services for the years to come. The real treasure lies in these techniques, tools or products that the people cannot conceive of. That is why it is a wise decision to allocate the right portion of resources to exploiting these, whether they are to be found in production, R&D, operations or Public Relations departments. The thinking behind this recommendation is sheer simple. The use of PR as described in this work has already reached a very advanced level, its use has saturated, so to speak, and in order to make the greatest strides in the future, it is essential to come up with a real breakthrough that people cannot envisage beforehand. Such discoveries can yield considerable benefits for the corporations that greatly exceed perfecting the contemporary methods. Having said that, such tactic bears a significant amount of risk, too, and the executives and decision makers of the corporations must consider the risk thoroughly before embracing on certain decisions, in order to bring a real benefit and competitive advantage into their corporations.

Section 8.2

Short overview of the body of the thesis supplemented by the observations of the practices of Public Relations in the workplace

The case study examples should have proved to be extremely valuable in two respects. First, these five sections are great illustrative measures and learning tools about six different corporations past and present. The thinking behind the composition of this writing was to enable the readers to dive into the offices of the corporations and get a feeling of their everyday activities and history that helps to explain most of the current state the corporations find themselves in. That achieved, the final step was to emphasize five main areas that every individual is likely to encounter if he or she chooses to pursue a business career.

First, there came the Sony Corporations and its teething problems and failure to address the most important shortcomings of their products. It would not be surprising if the employees of Sony confessed that the unclear communication and blurriness they come face to face on everybody basis has leaked into the external dealings of the corporation as well. In many cases, such firms are strikingly similar in their approach to both the employees and the general public including their clients as they fail to recognize the hidden powers of honesty, transparency and human approach that can reap benefits beyond what many execs of such corporations would ever imagine. This

section was followed by the Enron scandal that was chosen to participate in this 'project' simply because it proved to be a great example of how basically everything can go wrong and how painful it can be if the management of corporation and the surroundings is dreadful from the word go.

Then there came two mirroring sections that have taken out of the hat two corporations that make a high-end stuff that is very useful even mandatory for the humans to live a 21st century life in a true literally sense. The traveling, despite the recent meteoritic raise of the internet, is still on the agendas of many and with the growth that the global markets experience year in year out, the need for high-speed trains or supersonic jets will become stronger and stronger. For nothing can still fully replace the live meeting between the people and business partners alike, it is pretty much in the ascendancy to provide the highest comfort possible to those who are to encounter such meetings. Airbus was chosen as their mission is nothing else but to provide the best customer experience that can ever be thought of, yet they have managed to get many of their major decisions wrong and it has taken its toll. These bad decisions are usually the downfalls of many start-ups or even established firms and only a talented, educated and prepared have the best ability to avoid such dark scenarios. Apple has personified this description in a true sense as they have over-delivered on numerous occasions, they showed a brave heart entering markets they had no expertise in and they are improving the quality of the life of us all every day. They have, as expected, mastered all the tools described in the introductory part of this work, but they have used them in an honest manner. What you get to hear from that corporation is what you will ultimately get, to put it very plainly, and the power of such 'behavior', if you like, is Rambo-like. It has helped over the years to establish Apple as the corporation that is effectively changing the directions industries and the world are taking into the future. Even more impressively, Apple has also succeeded in creating various new industries, business segments, and it has proved that by putting customers first, even 'thinking for them', creating new products and services that will become part of the everyday life of the people, the corporations can indeed greatly benefit the society.

It is exemplary corporate governance and it remains to be seen if the likes of Sony and Airbus can redeem themselves, learn from their mistakes and approach their business effectively. There are signs Sony is proving very capable of staging memorable comebacks and it might well be that they will eventually fully understand what is

needed to succeed year in, year out in this age. Likewise, Airbus seems to have got a portion of their decisions right and if they eradicate the bad policies, which seems to be a mammoth task in its own right, deliver on their promises, satisfy the customer needs and providing them with superbly comfortable supersonic planes that are as fuel-efficient as never seen before, for example, they might be on the right route to cement their name in the history and future, for that matter.

The examples of the four corporations pointed out some key aspects related closely to Public Relations and its effect on the corporate governance. The two most effective ways to approach the PR is to either implement the techniques described and achieve a six-sigma-like quality of dealing with the public or the visionary leaders of the corporations can take a bolder, albeit more riskier steps and attempt to shape up the future with new tools, products, services. Apple is a great example of the latter, while Sony and Airbus could in the future become fine examples of the former. Yet, lack of transparency, dishonesty, false results, unrealistic promises, press releases and speeches, all made even worse by a rotten approach to business activity can have, and nowadays almost always has, drastic consequences as Enron example pointed out. The art of effective Public Relations then does not seem to be as complicated as it may be perceived from the outside. Become that coveted 'friend' of people, who cares about them and strives to make their lives better. Do not put the emphasis on your bottom line only, but see the whole picture and recognize the true values. Be frank and honest with your clients, do not promise what you cannot deliver and approach the people as they want to be approached. Sounds simple but it may be terribly effective.

The content of the thesis was intended to end on high note and there were not many better examples that would enable me to do that than the recent introduction or rather enhancement of the (PRODUCT) RED range of goods. The holy fact that the biggest players in their respective sectors can for once and all forget that the participation in this vicious cycle we call the 'business' is not all about the highest possible profit margins and the large growth and short-term earnings for the owners but that a more pragmatic and sustainable view is, as history teaches us, to foresee the decades ahead and act today accordingly to the needs of tomorrow. Microsoft, Dell and many other corporations and institutions have become increasingly aware of that. For many years it was left to the governing powers to sort out the unpleasant manners such as poverty, illness, wars, changes in climate. The state-of-art scientific laboratories and

centers for development were built over the years and they have played an invaluable role in helping the world become a better place to live. The companies have been developing too, though, and began to cross the borders and amass a vast amount of intellectual property that can in effect be even more important to the survival of the humans in the future years than the science centers, government capital or others. Therefore, they have been called upon by the population to play their bit in helping the world to become a better place to live.

They connect many cultures and make them work together efficiently and wipe out any differences on any natural prepositions, which is the right catalyst for achieving the global peace. Their Research&Development departments are capable of making super-efficient products that help to save billions of people a considerable portion of time; they make it all much more convenient for the population and enable the humans to concentrate their effort on what really matters. It is astonishing to see the best in the corporate and governments' R&Ds from all over the globe to be increasingly coming together and show what the humans are really capable of; realizing the human potential in the process is a fascinating feat to achieve. The 'technological' and 'intellectual' advancement can not only benefit us but the planet Earth and the Universe as a whole. The companies provide the security for the people they employ and the environment can rely more and more on the services and products provided by corporations, which helps to ease that transition towards the necessity of the whole process as the world is becoming smaller a place, every a day. The corporations also possess a lot of capital and financial power that makes an absolute difference to the lives of billions if applied appropriately. The gulf between the richest and poorest would be widening all the time would it not be for the leaders of the richest who realize that we are all created equal and that it is grossly unfair to see not only the adults but many children starving and having nothing to eat. Putting all the differences and selfish goals and aims aside, rolling up the sleeves and getting into this challenge of challenges applying the IP, motivation, vision, skills and determination to achieve the targets is the best way to enable every single person on this planet to live a happy life. A utopian, extremely optimistic prediction it surely is, but it is also such that could make the return to the paradise the Earth was since its very creation intended to be an every-day reality.

Annotation

The academic work is focused predominantly on Public Relations and in order to best explain what the Public Relations actually is, what it means to corporations and how to properly manage it, the work is broken up into two main sections.

The first section outlines the most widely used techniques that enhance the effective use of Public Relations. The main techniques, or tools, are: audience targeting, managing language and choosing the right media. The media broadly used are: audio/reproduction, broadcasting, film, internet, newspapers and publishing as well as video games. The first section also provides, albeit implicitly, key recommendations to businesses and enterprises concerning the proper implementation of PR techniques and tools in the workplace.

The second section is comprised of five case studies. Four corporations (Sony, Enron, Airbus and Apple) and one initiative (Red PRODUCT) are studied into the detail. The backgrounds of corporations as well as the industries where the corporations ply their trade are introduced. The latter parts of the case studies then describe how these five manage to cope with the task of managing PR. Examples of exceptional, visionary or satisfactory uses of Public Relations come across as well as the dreadful, horrifying exercises that have eventually led to the dispersion of one particular corporation (Enron).

Finally, the conclusion provides analytical examination of Public Relations and the observations made serve as the basis for the consultancy-like recommendations and advices on how to master the art of managing Public Relations.

Annotation in the Czech language

Tato bakalářská práce je zaměřená převážně na ‘vztahy s veřejností’ a za účelem co nejlepšího vysvětlení problematiky vztahů s veřejností, nastínění významu tohoto fenoménu pro společnost, doplněným o rady týkající se řízení těchto vztahů, je práce rozdělena na dvě hlavní části.

První sekce představuje nepoužívanější techniky a nástroje spojené s efektivním využitím vztahů s veřejností. Hlavní techniky jsou následující: vytyčení potencionálních ‚klientů‘, správná volba slov a správný výběr média. Nejčastěji používaná média jsou například: audio a reprodukce, rádio a vysílání, film, internet, noviny a tiskoviny, avšak také video hry. První sekce také, i když nepřímě, poskytuje klíčové rady a doporučení podnikatelským subjektům týkající se řádného využití technik a nástrojů spojených se vztahy s veřejností.

Druhá sekce je tvořena, pevně založena na pěti studiích. Čtyři společnosti (Sony, Enron, Airbus a Apple) a jeden podnik, tj. Red PRODUCT jsou do detailu analyzovány. Pozadí a historie společností, stejně tak jako úseků podnikání, ve kterých společnosti působí jsou představeny. V pozdějších částech těchto studií se práce zaměřuje na to, jak tyto společnosti dokázali (a v mnohých případech stále dokazují) využít vztahů s veřejností ve svůj prospěch. Objevují se příklady neobyčejných, vizionářských, či solidních využití, avšak také hrůzostrašných, noční můry způsobujících.

Nakonec se závěr práce zabývá analýzou vztahů s veřejností a postřehy při zkoumání tohoto fenoménu jsou poté použity při tvorbě doporučení a rad na úrovni konzultačních institucí. Tyto rady a doporučení mají za hlavní cíl pomoci společnostem dosáhnout mistrného, efektivního využití vztahů s veřejností.

Summary in the Czech language

Tato akademická práce pojednává o tématu: “Důležitost vztahů s veřejností pro řízení moderních společností”. Vztahy s veřejností jsou středem a hlavním předmětem zájmu této bakalářské práce. Pro co nejlepší ilustraci dané tematiky jsem se rozhodl rozdělit práci do dvou hlavních částí. První část je věnována teorii a také převážně technikám a nástrojům používaných ve vztazích s veřejností. Druhý oddíl je poté zaměřen na čtyři společnosti a jednu instituci. Cílem je představit problematiku vztahů s veřejností v každodenních operacích společností a také nastínit jakým směrem by se měla politika společností ubírat za cílem dosažení optimálního využití a benefitů, které správné pochopení cílů a fungování vztahů s veřejností nabízí.

Celá práce je celkem rozdělena do osmi hlavních kapitol. První dvě kapitoly tvoří jádro první části celé práce, věnované, jak již bylo zmíněno v předchozím paragrafu, objasnění pojmů vztahy s veřejností, představení technik a prostředků, které se v současné době nejvíce používají za cílem ovlivnění názoru veřejnosti tak, aby bylo dosaženo maximální efektivity pro ,ovlivňujícího‘, tj. společnosti. Veřejností se v této práci rozumí kdokoli, kterákoliv skupina, která může přímo či nepřímo ovlivnit výslednou úspěšnost podnikatelské činnosti podnikatelského subjektu. Může se tedy jednat, jak o klienty, zákazníky, reportéry, tak také ovšem o dodavatele, či zaměstnance společnosti (ti mohou například využít silných médií, jako je například televize, za cílem posílení reputace jejich zaměstnavatele, ale také vice versa), kteří mohou nepřímo ovlivnit úspěšnost společností zvládnout náročný úkol, kterým jistě mistrné zvládnutí vztahů s veřejností je.

První kapitola zkoumá samé počátky vztahů s veřejností, kde se techniky jako je kupříkladu správná volba slov a správné formulování proslovu začíná výrazněji uplatňovat. Jeden z vůbec prvních prezidentů Spojených Států Amerických, Thomas Jefferson byl první osobou, která vyslovila pojem ,vztahy s veřejností‘ a převážně originální anglický název a ikonická zkratka ,PR‘ se okamžitě staly symbolem nadměrně talentovaných ,řečníků‘, oficiálních představitelů, jejichž cílem bylo ovlivnit názor lidí. A jelikož v této době byly další nástroje novodobých vztahů s veřejností stále neznámé, jednoduché taktiky, které se víceméně stále točily okolo správné volby jazyka, byly velice rozšířené.

Tento kratší čtyřstránkový úvod je následován pravděpodobně nejdůležitější kapitolou celé bakalářské práce a to je kapitola druhá, pojmenovaná: „Nástroje používané pro optimální ‚vybroušení‘ vztahů s širokou veřejností, jako jsou například média, zaměření na specifické audience, korektní volba jazyka a další“. Zde jsou dopodrobna vysvětleny ty nejdůležitější pojmy, cílem je vybalancovat užití teorie a nastínění názorných příkladů využití procedur a technik, které mají za cíl posílit vztahy s veřejností z každodenní praxe, tak aby čtenář měl příležitost pochopit koncept těchto nástrojů a technik. Čtyři hlavní podkapitoly, tj. zaměření na specifické publikum, korektní volba jazyka, řádná volba médií a využití lobbyistů a dalších tzv.expertů různých propagand, jsou doplněny o analýzu šesti hlavních typů médií, které jsou v současné době novodobými společnostmi nejvíce používané a stále, i přesto, že se demografie a efektivní dosažení daných skupin stává stále více komplikovanější, více sofistikované, platí za nejefektivnější a nejrychlejší způsob, či platformu, pomocí které lze promluvit přímo k danému ‚terči‘. Analyzovány jsou využití: audio a reprodukce, rádia a vysílání, filmu, internetu, novin a tiskovin, jakožto také videoher, se kterými se původně nezamýšlelo a nepočítalo při tvorbě této bakalářské práce avšak jejich hluboký dosah, který se rozmáchl zejména v době technologického boomu, se ukázal jako velice silný faktor, který nesměl zůstat opomenut.

Co se týká zaměření na specifické skupiny, společnosti tohoto věku si musí a také uvědomují, že zosobnění a personifikace stále více přibírají na důležitosti a proto se dané produkty a služby společností musí představit právě těm skupinám, které se vysoce pravděpodobně k takovým zprávám produktivně zachovají, tj. produkt si koupí, či službu pořídí. Kupříkladu pokud chce daný kandidát do Bílého Domu maximalizovat své šance o zvolení, měl by se zaměřit především na ty skupiny obyvatelstva, které stále preferují ‚věnovat‘ jejich hlasy jinému kandidátovi. Lidé z přibližných sociálních poměrů, s podobným věkem a víceméně stejnými zájmy mají tendenci rozhodovat se v záležitostech jako je volba kandidátů do Bílého Domu, ale také nákup produktů a určitých služeb, velmi podobně. V práci je tedy nastíněno to nejdůležitější a tj. sestavení dat a, pokud se budeme držet příkladu kandidáta do Bílého Domu, rozhodnutí o specifickém zaměření na např. tzv. ‚baby boomers‘, tj. populaci Spojených Států Amerických, která se narodila mezi roky 1948 a 1964, v době, kdy v zemi panovalo mnoho optimismu a nadějí do budoucnosti. Tato skupina populace sdílí podobné problémy jako je nejistá budoucnost spojená s odchodem do penze a těžká ekonomická

situace státu, která velmi pravděpodobně potrestá všechny, kteří se řádně na období bez trvalých příjmů nepřipravovali. Také ‚mindset‘, tj. způsob přemýšlení této generace je velice specifický. Lidé narození po Druhé světové válce touží po kreativní práci, seberealizaci, ale vzhledem k pokročilému věku také po klidu, míru, stabilitě a jistotě. Tento detailní příklad, věřím, že bohatě posloužil jako ilustrace práce specialistů zabývajících se vztahy s veřejností. Je potřeba brát v potaz velké množství detailů a nalézt korelaci a propojení těchto detailů. Poté je kritické využít *ten* styl řeči a *ten* konkrétní typ média, který je nejvíce blízký naší ‚skupině zaměření‘.

Mluva teenagerů, bude mít prakticky nulový efekt na postarší populaci a tudíž jim daná zpráva bude lhostejná a nebudou ji věnovat žádný význam. Stejně tak není nejchytřejší volbou média internet v tomto případě, jelikož internet vzešel v podvědomí lidí prakticky až poté, co většina z našich ‚baby boomerů‘ úspěšně dokončila vzdělání. Je tedy potřeba volit média, která jsou této skupině bližší jako jsou například noviny, či film a televize, nebo také stále velice populární rádio, které z části vděčí svému přežití právě neutuchajícímu zájmu starší populace. Ve zkratce, všechny hlavní techniky, které jsou v práci vysvětleny musejí být kandidátem do Bílého Domu vzaty v úvahu a aplikovány v takové míře a na takové skupiny obyvatelstva, chce-li se náš kandidát do Bílého Domu skutečně dostat.

Co se týká lobbyistů a propagandujících expertů, jejich úděl je většinou úzce spjat s cílem prosadit zájmy určitých skupin, které nepřímo právě tyto lobbyisty financují. Společnosti je zde mohou bohatě využít a samy si vytvořit takové skupiny expertů, které se budou ‚kamarádit‘ více s potenciálními či stávajícími klienty, zákazníky než se společnostmi, tedy samotnými chlebovárci, avšak lobbyisté budou také schopni zprostředkovat velice užitečné reporty pro společnosti, pomocí nichž si firmy uvědomí co zákazníci skutečně chtějí a pokud to bude v jejich silách, tak se jim také jejich touhy pokusí naplnit. Tento způsob a situace je zdaleka nejefektivnější využití lobbyistů a pokud by se společnosti více zaměřili na tyto, v konečném důsledku, velice užitečné lidi, jejich pověst a jméno by při vyslovení neznělo tak negativně jako nyní.

Tato teoretická část doplněná o příklady z denního života je velice užitečná pro každého, kdo se hodlá blíže seznámit s problematikou vztahů s veřejností, avšak k úplnému pochopení konceptu daným čtenářům pomohou příklady využití ‚PR‘ v praxi a za tímto účelem bylo vybráno celkem pět příkladů. Čtyři z nich jsou efektivně

analýzy čtyřech společností, poslední je věnována iniciativě, jejíž koncept podle názoru mnoha expertů bude určovat vývoj vztahů s veřejností, taktéž jako misí, cílů a chování společností v budoucnosti, která je každým dnem blíže.

Kapitola třetí pojednává o společnosti Sony. Tato původem japonská firma si po léta vypracovala solidní reputaci a image. Častokrát také přichází se zajímavými nápady, které mohou významně ovlivňovat budoucnost. Pokud jsou správně implementované a správně vyladěné a veškeré mišmaše a další kuriozity jsou odstraněny. U případu Sony se bohužel v současné době děje to, že společnost, ačkoliv by velice chtěla, aby tomu tak nebylo, se dopouští kritických chyb, jako třeba ve výrobě baterií pro notebooky Dellu, Toshihy a dalších. Tyto baterie se konstantně přehřívaly a v mnoha případech to notebooky nevydržely a explodovaly. Náhrada škod a napravení problému stálo Sony velké úsilí; stejně tak velká námaha byla vynaložena na odstranění problému se softwarem, který měl za cíl pomoci chránit Sony proti ilegálním kopiím. Bohužel, tento software vážně poničil uživatelům osobní počítače a Sony opět měla plné práce nad rozlitým mlékem. Komunikace této společnosti byla velice strohá a vyhýbavá a oznámení jako: „My o problému víme a věnujeme mu náležitou pozornost“, určitě neposílili důvěru veřejností zvláště, když i notebooky Applu začali explodovat.

Tento příklad neefektivní komunikace a tudíž skomírajících vztahů s veřejností byl následován příkladem daleko horším. Společnost Enron byla před stěžejním rokem 2000 považována za jednu z korporálních identit Spojených Států, výsledky byly skvělé, firma rostla, měla velké plány do budoucna. Když se ovšem na povrch dostala pravda a imaginární bublina plná neskutečných hospodářských výsledků konečně praskla, jednalo se o jeden z největších skandálů v historii podnikatelství. Top management povětšinou lhal skoro pokaždé, kdy veřejnost naslouchala, jako například při tiskových konferencích, ročních oznámeních hospodářských výsledků a dalších. Nyní čeká právě ty, kteří tuto multibilionovou společnost ponořili až na samé dno dlouhý pobyt ve vězení, ze kterého je může vysvobodit prakticky pouze smrt. Tento otravný příklad slouží, jako velice krásná ukázka toho, jak s veřejností nejednat. Devastující následky zajistí, že si nekalé úmysly, lhaní a podvody společnosti v budoucnosti daleko hlouběji promyslí. A budou se chovat přesně naopak a to se s největší pravděpodobností dostanou v podvědomí veřejností až do samého nebe.

Kapitoly 5 a 6 se zaměřují na společnosti úzce spojené s výrobou technologií, která je pro lidstvo velice důležitá. Ať už se jedná o velká letadla či naopak o miniaturní

zařízení, které dokáží tisíce funkcí, jedno je jisté, lidé tyto technologie budou v budoucnu ještě více používat. Je ovšem otázkou zda-li se Airbus bude podílet na utváření budoucnosti třeba po boku Applu. Poslední zprávy hovoří o tom, že tomu tak asi bude. Faktem ovšem zůstává, že složitá struktura Airbusu, která musí „přinutit“ spolupracovat převážně národy německé, francouzské a anglické se musí zjednodušit. Také přísliby a nerealistické očekávání mnohdy pouze matou veřejnost a zákazníky (letecké společnosti jako British Airways, např.), z čehož plyne, že hlavní konkurent Boeing těží z výstavby letadel nejvíce, jelikož mu náleží exklusivní, nejlukrativnější kontrakty, zatímco Airbus se musí spokojit se zbytkem. Boeing totiž skoro vždy dodrží slovo, doručí objednávky včas, letadla mají méně závad a dle názoru expertů jsou více luxusní, čehož si pasažéři cení.

Právě luxus a spojení technologie z módou je jedním z hlavních důvodů proč se společnosti Apple v současné době tak daří. Pomocí kombinace opravdu krásných výrobků (které je možno spatřit v 6. kapitole Applu věnované), inovativních designů a pravděpodobně nejdůvtipnějšího oddělení R&D, tj. „Vědy a Výzkumu“ je Apple mnohdy označován za společnost misionářskou, tou, která utváří nové segmenty podnikání (revoluce hudebního průmyslu, výroby telefonů založených na komplexním softwaru a další). Avšak právě zaměření na veřejnost a na skvělé vztahy, které posilují loajalitu, důvěru a spokojenost (nesmírně cenné v dnešní době), činí z přístupu společnosti Apple perfektní příklad toho jak by měly vztahy s veřejností fungovat. Apple nikdy neslíbí nic, co nemůže zajistit, vynalézt, či vyrobit, naslouchá klientům, mezi zákazníky a společností probíhá dokonalá zpětná vazba, Apple také vybudovává očekávání, s fanfárou prezentuje nové produkty; pro tuto společnost jsou právě lidé a jejich spokojenost tím hlavním cílem.

Předposlední kapitola práce pojednává o iniciativě „Red PRODUCT line“. Je založená na velice charitativních základech, tj. tato instituce se spojuje se společnostmi jako je například Microsoft a Dell, Converse, Apple, či italští návrháři a výstupy jejich činnosti jsou „nabarvené“ na červeno. Klíčem zde ovšem není červená linie produktů, nýbrž úděl těchto výrobků. Červená je barva života a lidé, kteří si zakoupí produkty z této kolekce zároveň poskytnou tolik kýžené finanční prostředky na zajištění vakcín, léku, očkování a dalších pro ty, kteří to opravdu potřebují (děti ve Swazilandu, kupříkladu).

Závěr této práce je úzce spojen s výhledem do budoucnosti a právě Red PRODUCT line je skvělým příkladem toho, jakým směrem se budou stále se rozvíjející, stále rostoucí, stále více vydělávající společnosti vyvíjet v budoucnu. Už nyní jsou některé mimořádně ziskové společnosti jako Microsoft a Apple ochotny vzdát se části svého výtěžku za cílem obohacení a zlepšení života ostatních lidí. V minulosti bylo zaměření především na to uspokojit potřeby vlastníků či akcionářů a současné světové problémy, které jsou stále více alarmující a stávají se stále více aktuálními, jako je například globální oteplování, dlouhodobá udržitelnost vývoje, chudoba, hladovění a smrtelné nemoci na denním pořádku v nejchudších zemích světa, už nemohou být dále společnostmi a samotnou společností přehlíženy a musí být řešeny. Bude velice zajímavé sledovat, zda-li se tento trend uchytí, mnoho konzultantů a expertů poskytují rady a doporučení, které se zaměřují právě na tuto problematiku. A rozhodně firmám radí, aby si současné problémy uvědomily a změnily své chování. Tak totiž bude zajištěno i jejich dlouhodobé přežití. Jak bylo zmíněno u příkladu společnosti Apple, právě důvěra, loajalita a spokojenost jsou nejdůležitější vlastnosti, které společnosti potřebují, aby veřejnost měla a jakkoliv složitě a negativně mohou současné problémy znít a působit, paradoxně se mohou stát zlatým dolem pro ty společnosti, které změní své chování, vyrolují své rukávy a pustí se do řešení těchto novodobých krizí. Budou se totiž starat o veřejnost, o světovou společnost, o každého člověka na zemi a jejich podnikatelská činnost nebude přinášet prospěch pouze jim, ale každému. Mohlo by se dokonce stát, že se světová situace dramaticky zlepší a chudoba, hladomor a další velká negativa současného světa budou vymazány z předních stran populárních deníků a novin. Poté by se Země mohla dokonce opět stát tím rájem, kterým měla vždy od svého vzniku být. Následující roky nám na tuto implicitní otázku odpoví.

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