



DAVID GALLAGHER

In the private conference rooms of the World Economic Forum's meeting in Davos last week, captains of commerce were concerned with one subject more than any other – London's increasing threat to New York's dominance of the global financial markets.

Whether or not the balance has fully shifted from Wall Street to the City is debatable. But a larger notion is unquestionable: that fundamental worldwide changes – in economic, geopolitical and technological power – are rewriting the rules of business.

Some of these transitions are obvious. It is hard to miss the rise of China and India as true challengers in a global economy. Likewise, the emergence of networking software and cheaply available hardware are dramatically altering communications, shifting the power at least in part from institutions to individuals.

More subtle, but no less important, is the shift from producer to consumer in driving innovation. This has profound implications not only for goods and services, but for how people work together, how businesses are managed, and how governments are run.

This is not just a financial story. If you think these changes concern only bankers and securities traders, it is time to wake up.

#### International opportunities

Leaders of the UK PR community might argue (as I have in the past) that they, too, at least rival New York as the world's favourite reputation management centre. But the more important question is a global one: how well equipped are we to meet the opportunities and threats rocking every other business and enterprise today?

I spent a week in Davos. Like the bankers, I had more questions than answers, but they at least began to discuss how British PR can capitalise on the world's shifting power equations. So here are a few conversation starters on the challenges we face and how we should be responding.

As a community, we have to widen our geographic scope. We can no longer afford to focus solely on the UK domestic market, or act as a 'gateway' for US clients interested in European markets. All week, officials from China, India and a host of other emerging markets made it clear that



WEF, Davos: emerging markets, and increasing consumer power, are driving change

## Why UK agencies must think global

The threats and opportunities facing PR consultancies were laid bare at the World Economic Forum last week. **Ketchum's London CEO** reports from Davos

they are here to compete – not just for the business in their markets, but for the business in ours. And they have the technology, labour and will to do more than merely challenge.

Our best domestic budgets will be spent on services abroad – the richest international markets will be cut off from us indefinitely if we cannot take the widest possible view on our place in the world and the areas of PR in which we wish to lead.

For too long we have spoken of our business as if it were nearly all local, with a smattering of foreign work left to a handful of international agencies and in-house advisers.

Domestic work is great, but it alone will not sustain the British PR industry.

International work is more than basic transatlantic concierge services – it should be multifaceted multinational co-ordination from a global hub. We all need to do both, and better than we did before.

As *PRWeek* regularly reports, finding and keeping good staff is one of the industry's biggest problems – on that much we can agree. But does the problem lie in the labour pool (shrinking), in universities (insufficient output) or in remuneration packages (uncompetitive)? The answer may well be all three, but the comments of several executives suggest that the largest culprit may, in fact, be those of us in the management ranks.

'The age of the imperial CEO is over,' said one CEO of a leading management consultancy. 'Today's leaders need to keep their minds on, but their hands off, the business if they are to give their stars room to run.'

Is that how UK agencies or in-house departments are run today? In some exceptions, yes, but not in general. We are an industry led mostly by those unwilling or unable to adjust to the new challenges we face. Experience should count for something, but perhaps if we start giving tomorrow's

leaders a chance to succeed today, we might hold on to them a little longer.

The gap between what we do in PR and what actually works may widen if we don't make a great leap forward, soon. An editor of a leading British national newspaper outlined its transition from 'old' to 'new' media with the mantra of giving customers 'what they want, when they want it, and how they want it'.

Do we understand that? Is our advice and service built around an appreciation for the way information and influence move in the modern world? Or are they still based on old models and thick cuttings books?

#### 'Insight is priceless'

Generally, we make our money not on our knowledge, but on implementing the recommendations we propose. This is not sustainable. Our services will become commoditised, automated or outsourced (or all three) – and our advice increasingly meaningless – as we lose touch with what is really happening in the media world.

As a senior US publishing executive said at Davos, 'Opinion is free, facts are cheap, but insight is priceless'. We have got to find a way to monetise our insights and advice, and that requires making it valuable, relevant and intelligent.

PR is a notoriously secretive, competitive and insular business. Some of that will never change. But couldn't the industry form the nucleus of new networks, connecting not only our marketing and advertising cousins, but artists, engineers, policy wonks and academics, too?

Such collaboration, especially among competitors, requires greater trust. And we've got to hold each other accountable, accept no transgressions and set high standards of quality and professionalism.

One place to start – the PRCA's Consultancy Management Standard. All agencies should comply, and all clients should insist on them.

The power equations are not shifting slowly and they certainly won't be the only changes we'll face in the coming months and years.

Our time in global PR has come. We just have to decide whether or not we are ready for it.

*David Gallagher is CEO of Ketchum London and a non-executive board director for the Global Health Initiative, a World Economic Forum programme fighting AIDS, tuberculosis and malaria in the developing world.*