



MARKET FOCUS NEW JERSEY: NJ: in the shadow of giants - New Jersey PR shops had a poor showing in PRWeek's rankings. But Craig McGuire reports that hi-tech and healthcare are a hearty base for this unique scene

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At the same time, New Jersey PR executives shouldn't break their arms patting each other on the back. The industry here is worth just over dollars 15 million in fee income, and grew by an estimated 11%, according to PRWeek statistics.

That's well behind the national average growth of 28%, according to PRWeek's Agency Rankings survey.

That has forced the MWW Group (New Jersey's PR agency leader by far) to look elsewhere for the majority of its impressive dollars 10 million (58%) growth. The East Rutherford office now accounts for little more than one fifth of national fee income, as expansion has continued in Washington, D.C. and California.

But while the New Jersey PR scene may not be keeping pace with the industry in general, it is making progress in two key practice areas: hi-tech and healthcare.

From telecommunications to financial services, New Jersey has lured some big names from across the Hudson by dangling lucrative tax incentives.

This migration has helped forge key business centers for hi-tech industries.

It's about time, considering Thomas Edison and Albert Einstein once

called New Jersey home. The software industry has spread throughout the state, and there's a mixed hi-tech concentration along the US 1 corridor leading to Princeton. Jersey City has also become a center for financial services companies, with heavy hitters like DLJ Direct, National Discount Brokers, Knight/Trimark and Goldman Sachs setting up camp.

New Jersey is No. 1 in private-sector spending on electronic research and a leader in telephony. Not to be outdone by counterparts in Northern California (Silicon Valley), lower Manhattan (Silicon Alley) and the Pacific Northwest (Silicon Forest), New Jersey even coined its own hi-tech moniker: Silicon Parkway.

'Not only does northern New Jersey alone boast more hi-tech firms than all of Silicon Valley,' points out MWW president and CEO Michael Kempner, 'but New Jersey has more Fortune 500 companies than New York.'

With the largest hi-tech practice in the state, MWW reported dollars 6.25 million in fee income (the PRWeek chart shows a 32% decline because the 1998 figure includes the New York office). Of MWW's roughly 60 new in-state clients, 35 are hi-tech firms.

Unfortunately, for a state in which hi-tech industries employ one out of every 10 workers (paying a salary nearly double the state average), some observers say the hi-tech sector hasn't received the attention it deserves.

'The state has done such a poor job marketing the hi-tech presence, when in fact New Jersey is as much, if not more, of a tech center than Seattle or New York,' says Kempner. 'Under the current administration, I don't think we'll see any improvement. Hopefully the next governor will see this as a priority.'

While the state's hi-tech industry struggles for recognition, New Jersey's other major area of PR growth, healthcare, moves along without the identity crisis.

The medicine chest

'New Jersey's been known as the medicine chest for the nation for some time,' explains Josh Weinstein, president of Torre Lazur Public Relations (which was called Torre Lazur/Weber until January of this year). Dedicating itself entirely to healthcare PR paid off for the Parsippany-based agency in 1999, as it enjoyed 142% fee-income growth, reporting dollars 1.1 million.

New accounts include Baxter Healthcare, Daiichi Pharmaceuticals and Janssen Pharmaceutica.

Marlton-based Anne Klein & Associates added several big healthcare accounts, including Horizon Mercy, the Delaware Valley Healthcare Council and Mainline Health.

'Last year we certainly got an increasing amount of work in healthcare,' says president Anne Klein. 'That's because there are just so many more issues facing hospitals and healthcare organizations today.'

But rather than throw more resources to build up the healthcare practice quickly, Klein, like many of her counterparts, is hedging her bets with a more diversified client roster.

'I have purposely done this to insulate my agency from the up-and-down spikes in the hi-tech and healthcare areas,' says Klein. 'When the economy is good, everybody can afford everything. But, when the economy is not good, there will be more of a need for employee communications and crisis management. We just haven't suffered those ups and downs for a while.'

Whether it's hi-tech, healthcare or any number of disciplines, it appears that it's getting easier for New Jersey PR agencies to attract out-of-state business. Many large, deep-pocketed corporations are now using NJ outfits, says Joan Wainwright, vice president of corporate communications at drug maker Merck & Co.

'With all the technology available today, the location of an agency isn't that important,' she says. 'What is important is the quality of the work produced by the agency and the talent/skills of their employees.'

Even more important, Wainwright says she sees more people and companies specializing in the industry.

Eyeing out-of-state opportunities of his own, Ken Ribotsky, president of Ribotsky Worldwide (dollars 191,985 in 1999 revenue), says New Jersey's up-and-coming image is working to his advantage.

'Out on the West Coast there's so much business you've got agencies interviewing the clients to see if they want to work with them,' says Ribotsky. 'So, it's not surprising that we're getting calls from California to New England.'

Trailing MWW in 1999 was MCS (19% growth to dollars 3.1 million in fee income) and Star/Rosen Public Relations (22% growth to dollars 1.3 million).

'The borders are breaking down,' says Steve Rosen, president of

Star/Rosen Public Relations. 'I've noticed other agencies winning business from all over the country, when in past years regional firms only did regional work.' Rosen also attributes much of his growth to technology; the agency's biggest win of 1999 was San Francisco-based KeraVision provider of an alternative to laser eye surgery.

Manhattan-based Spring O'Brien established a Morristown, NJ satellite office in March 1999, and then wasted no time in vaulting up the rankings, due in part to the presence and support of its nearby headquarters. The agency, whose New Jersey staff has grown from two to 10, reported dollars 290,000 in 1999 income. New accounts included lucrative travel PR contracts with the Cayman Islands, Hong Kong Tourist Association and The Greek National Tourist Organization.

New York service, New Jersey price

'A big selling point is we are able to provide the same quality services as New York and Philadelphia, but often at New Jersey prices,' says Marc Weinstein, senior vice president and managing director of Spring O'Brien's New Jersey operation.

Berry & Associates is another New Jersey firm heavily into employee communications and related disciplines, which take up 80% of its client roster. Berry made a modest 2% growth gain, reporting 1999 income of dollars 683,371. New accounts for Berry include Hoffmann-La Roche, NECA (National Exchange Carrier Association) and the Sussex County Democratic Committee.

'The hi-techs have driven the employment marketplace goofy,' says agency president Bob Berry. 'They're starting to realize you can't get to profitability without your employees, and you can't motivate without proper employee communications. Common sense.'

New Jersey agencies that saw earnings slide last year include Califon-based The Stephenson Group (a 7% decline to dollars 776,685) and Red Bank-based Danlee PR (a 20% decrease to dollars 715,993). Danlee dropped three rungs in the rankings from 1998, mainly because of an unsuccessful merger, and later de-merger, with the DHM Group. A smaller agency favoring steady growth, Danlee did manage to pick up Wineaccess.com.

While the New Jersey PR scene may look rosy now, Danlee managing director Anne Higgins says a downturn could be just around the corner. 'I'll tell you, everybody rushed out to get dot-com clients, but now they're the ones left holding the bag,' she says. 'I know at least five people sitting on receivables they are never going to get. And I've heard some of the vendors are now insisting on cash up front for services.'

Red Bank-based Wall Street Communications rounded out this year's list

of top New Jersey agencies. While the smallest on the list, it experienced the largest statistical growth, a 153% jump from a little over dollars 50,000 in 1998 to a bit over dollars 128,528 in 1999.

What will the future hold for New Jersey PR? Perhaps the time is right for New Jersey agencies to bring home more of the business.

SILICON TURNPIKE: NEW JERSEY PR AGENCIES

Ranking	Agency Name	Audit	NJ income (dollars)		Growth
99	98		1999	1998	(%)
1	1 The MWW Group*	X	6,252,346	9,200,519	-32
2	2 MCS	Y	3,058,446	2,570,197	19
3	3 Star/Rosen	Y	1,299,800	1,066,000	22
4	7 Torre Lazur/Weber**	Z	1,139,608	470,000	142
5	N/A Anne Klein & Associates	Z	952,365	N/A	N/A
6	5 The Stephenson Group	Z	776,685	832,258	-7
7	4 Danlee Public Relations	Z	715,993	896,000	-20
8	6 Berry Associates	Z	683,371	670,000	2
9	N/A Spring O'Brien	Y	290,000	N/A	N/A
10	N/A Ribotsky Worldwide	Z	191,985	N/A	N/A
11	8 Wall Street Communications	Y	128,529	50,847	153
Totals			14,054,778	15,755,821	-11

Ranking	Agency Name	US income		US income	
		(dollars)	NJ%	(dollars)	NJ%
99	98	1999	99	1998	98
1	1 The MWW Group*	27,002,400	23	17,220,267	53
2	2 MCS	3,058,446	100	2,570,197	100
3	3 Star/Rosen	1,299,800	100	1,066,000	100
4	7 Torre Lazur/Weber**	76,760,938	1	57,866,543	1
5	N/A Anne Klein & Associates	952,365	100	N/A	N/A
6	5 The Stephenson Group	1,465,442	53	1,387,097	60
7	4 Danlee Public Relations	715,993	100	1,200,000	75
8	6 Berry Associates	683,371	100	670,000	100
9	N/A Spring O'Brien	2,261,000	13	1,693,000	N/A
10	N/A Ribotsky Worldwide	191,985	100	N/A	N/A

11	8	Wall Street Communications	527,126	24	305,082	17
		Totals	111,513,516	13	82,285,186	19

Ranking	Agency Name	Location
99	98	
1	1	The MWW Group*
		East Rutherford
2	2	MCS
		Summit
3	3	Star/Rosen
		Cherry Hill
4	7	Torre Lazur/Weber**
		Parsippany
5	N/A	Anne Klein & Associates
		Marlton
6	5	The Stephenson Group
		Califon
7	4	Danlee Public Relations
		Red Bank
8	6	Berry Associates
		Morristown
9	N/A	Spring O'Brien
		Morristown
10	N/A	Ribotsky Worldwide
		Somerset
11	8	Wall Street Communications
		Red Bank
		Totals

*1998 includes New York office income **called Torre Lazur PR as of Jan. 1, 2000

Source: PRWeek 2000 Agency Rankings

Auditing: X denotes a full audit or review; Y compilation audit; Z

unaudited statements approved by either the CFO or CEO/partner. A random audit process will be used for agencies providing unaudited figures.