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NEWS

ANALYSIS: Profile - Ken Makovsky and the company he keeps - Ken Makovsky's journey in PR began by following baseball legend Stan Musial, but Makovsky has since become a heavy hitter in his own right

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Published on September 04 2000

Ken Makovsky has a lot to smile about these days. Striving for the past two decades in the uber-competitive New York market, he's built his PR agency into a thriving business. With so many other independents accepting lucrative buyout deals this year, one wonders: is Makovsky the next to cash in?

Ken Makovsky has a lot to smile about these days. Striving for the past two decades in the uber-competitive New York market, he's built his PR agency into a thriving business. With so many other independents accepting lucrative buyout deals this year, one wonders: is Makovsky the next to cash in?

This year alone, Makovsky has fielded several offers, but appears in no rush to pull the trigger on any deal. Meanwhile, his agency, Makovsky & Company, has never been more attractive. In 1999, the agency broke the dollars 8 million mark with a 19% increase in PR income, and is on pace to top dollars 10 million this year. Account retention is high, employee turnover low, and the client roster includes such heavyweights as Guardian Life Insurance, Scudder Investments and Broadwing.

Considering that double-digit revenue growth is the norm over the last few years, Makovsky's numbers aren't that spectacular. What is impressive is the agency's expertise in key areas - financial services, health, investor relations and professional services - expertise that buyers will pay a premium for.

Acquiring such narrow, yet deep, focus was the driving motivation behind several deals this year, including acquisitions at Kratz & Jensen, Middleberg + Associates and Sard Verbinen. Those agencies also brought some top dogs to the deal.

Twenty-one years ago when he launched his firm, there weren't many agencies around that were specialty practices - actually, there were hardly any at all. 'I knew early on that we were not going to try to be all things to all people,' says Makovsky. 'And for the future, we're going to offer deeper specialization, though it is a possibility we may add one or two more areas at some point.'

Though Makovsky would not elaborate on new practice areas, the agency has already made a big investment in an Interactive Services Group. The purpose of the group, in development over the past six months, is to offer Makovsky's client base a range of e-services, from Web site management and online marketing to event promotion and partner alliances. The agency also has smaller practices devoted to utility and industrial clients that could be expanded.

Bitten by the business bug

Makovsky attributes much of his good fortune to the fact that he loves what he does. That doesn't mean he always knew what he wanted to do, though.

He holds a law degree from Washington University, and during his time there Makovsky caught the business bug. As an undergrad, he joined the Sigma Alpha Mu fraternity and was later elected president.

'But when I got into office I was shocked to learn this big college fraternity was on the verge of bankruptcy,' Makovsky remembers. 'Helping to turn that fraternity around really influenced me. It was that experience that gave me a zest for business.' So Makovsky knew he wanted to start his own business, but what kind?

A few years later, lifelong baseball fan Makovsky was swept up in the frenzy surrounding the impending retirement of St. Louis Cardinal legend Stan 'The Man' Musial. 'I was utterly fascinated at all the attention and coverage his final game was getting, and I just had to find out who was behind it,' he says.

After some digging, Makovsky learned that one of the organizers behind the PR campaign was a small one-office outfit headed by Al Fleishman.

'I cold-called him. Later we met several times, and he gave me a few books to read,' says Makovsky. 'But he told me if I wanted to make it in this business, he suggested I go to New York because the St. Louis market was only so big.'

So Makovsky set out for Manhattan in 1966. In his early years he worked in the trenches alongside such future heavyweights as Gershon Kekst, Don Middleberg and Richard Weiner at Ruder & Finn. Eventually he landed at Harshe Rotman & Druck. After a few years Makovsky opted to strike out on his own.

'I've known him since before he went into business and hoped I could have convinced him to become a partner, but he wanted to do it on his own,' says Herb Corbin, managing partner at KCSA Worldwide. 'Now, KCSA and Makovsky are in the same position,' he adds. 'There's a great opportunity to succeed, and you don't have to sell out to do so.'

Even competitors struggle to say anything critical about Makovsky.

Donna Peterman, currently the SVP and director of corporate communications at Paine Webber regularly pitched against Makovsky in the early 1990s at Hill & Knowlton's Chicago office. 'We competed head-to-head several times,' she recalls. 'Let's just say he's one of the most driven communications executives I've met. I've worked in the big firms, so I know the difference between sincerity and going through the motions, and he's not just going through the motions.'

Sharing knowledge, not business

Any discussion regarding Makovsky would be remiss if it didn't mention his role in co-founding IPREX, the international network of 60 independent PR agencies. IPREX held its annual conference in New York earlier this year, and on the way to Wall Street to ring the opening bell at the NY Stock Exchange, Makovsky played emcee for an impromptu tour of the city.

'We loved (the tour) because here was someone who not only has knowledge, but loves to share knowledge,' says Mike Swenson, president of Barkley Evergreen & Partners and outgoing president of IPREX.

While he may love to impart knowledge, he keeps his plans well guarded.

'I've been approached so many times over the past 10 years that frankly it's hard to remember them all,' he says. 'I'd say at this point it's more likely we will remain

independent.' He conceded, however, that he could change his mind if the right deal came along.

Meanwhile, some feel it is an opportune time for Makovsky to make his move. 'The window is closing,' argues Middleberg, who sold to Euro RSCG in June. 'I think that we're seeing changes in market conditions, and many of the large ad agencies doing the buying already have multiple PR agencies in several categories. And, financially speaking, I would suspect the market has probably peaked.

'What I suspect Ken is doing these days is eating a lot of lunches and having a lot of conversations,' speculates Middleberg 'He's taken his time to make the right decision, whatever that may be. But who knows, he very well may stay independent.' Like his hero Stan the Man, Makovsky has quite a few options when it's his turn at bat.

KEN MAKOVSKY

Founder, CEO Makovsky and Co.

1966 - First PR job at Curtis Hoxter

1967 - AE, Ruder & Finn

1970 - Joins Harshe Rotman & Druck, rises to deputy GM of NY office

1979 - Founds Makovsky & Co.