

PR WEEK

PR color gap addressed as heavy hitters attend BPRS reception

By Carolyn Myles and Phil Rabin
WASHINGTON, DC: "We want you" was the mantra repeated by PR execs to black would-be employees at a networking reception last Wednesday sponsored by the Black Public Relations Society's DC chapter.

More than 120 pros at-

tended the event—a significant turnout, considering that the National Association of Black Journalists was holding a competing function that night.

The event attempted to address the shortfall of black pros at all levels of the PR profession. While most attendees said some progress has been made,

nearly all believe that more must be done.

Attendees also suggested that PR firms are missing out on opportunities to add some of the profession's best minds.

"I have a diverse set of PR skills, and if a firm doesn't hire me because of race, it's their loss," said Frank Phillips, com-

munications director for California congresswoman Maxine Waters and a former US Army media relations expert. Added BPRS/DC president Ofield Dukes, "Diversity has become a bottom-line asset."

PR agencies present at the meeting included Hill & Knowlton, Burson-Marsteller,

Ruder Finn, Ketchum, Porter Novelli, Hillard, AP Communications, Shandwick, M&A, and Zions. Similar events are planned in New York, Los Angeles and Detroit.

CDB's M&A triple play creates major player

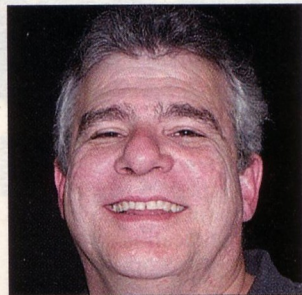
By Craig McGuire

NEW YORK: In an M&A triple-play, Havas-owned Creamer Dickson Basford has scooped up Kratz & Jensen and Capstone Communications and merged with ACG Communications.

The firms are being folded into a new company, Magnet Communications, which has to be considered a major new player on the integrated marketing scene.

For CDB, joining up with buzz-worthy players like K&J and Capstone will likely rid the firm of its reputation as being slow on its feet. Former CDB leader Darryl Salerno, tapped as chairman and CEO of Magnet, said the deal elevates the company into the ranks of the elite.

"Our objective was to get back to being a major player in North America," he crowed. "Now, our combined revenue and critical mass puts us up among the top 25." While he declined to discuss financial parameters of the deal, Salerno



Salerno... joins the elite

said the combined revenue of all four businesses clocks in at roughly \$30.4 million, \$22 million of which comes from PR.

K&J is known for its IR and hi-tech experience, while Capstone has generated much attention for its VC ties and hi-tech expertise. ACG specializes in interactive communications, training and events.

The acquisition/merger is the latest in a string of deals by Euro communications powerhouses hoping to gain a foothold in the lucrative US PR market.

"You've got this wave of

Magnet top bosses

- Darryl Salerno:** chairman/CEO
- Mike Martorella:** vice chairman
- David Kratz:** president/PR
- Paul Jensen:** EVP/tech
- Nancy Maffucci:** EVP/consumer
- Holly McArthur:** EVP/tech, Northern CA
- Katie McSorley:** EVP/b-to-b

latecomers, with Incepta buying Sard Verbinnen, Publicis buying the whole Saatchi empire and now Havas," said Council of Public Relations Firms president Jack Bergen. "But remember, WPP got here early, followed by Omnicom and Interpublic."

The deal comes a few weeks after Euro RSCG (also owned by Havas) snatched up Middleberg + Associates, making it the centerpiece of its North American expansion (*PRWeek*, June 5). Magnet Communications will be part of is owned by Havas' Diversified Agencies

Group, a distinct entity from the Euro RSCG unit.

Patrick Lemarchand, chairman and CEO of Havas' North American arm, said the decision to move aggressively into the US PR space was made as early as 18 months ago. But he quickly added, "These two deals were separate, and they [the Diversified Agencies Group and Euro RSCG] operate separately and make their own deals."

The CDB deal had somewhat of a twisted evolution. At first, it was strictly a CDB/ACG courtship—the two companies have worked together on accounts for Bayer and MCI, among others. Capstone and K&J, which had been considering some kind of partnership, were added to the equation later in the negotiations.

With CDB, ACG and K&J all based in New York, Magnet's home will be in Gotham. The newly merged company's 170 employees are expected to move into new 45,000-square-foot Chelsea digs in September.

MicroStrategy annual meeting opened to

By Craig McGuire
VIENNA, VA: After it would bar reporters from an annual meeting last month, a back-pedaling MicroStrategy bowed to protest and swung its doors.

Spokesman Mike Pincus announced that the meeting would be closed to the press. It was quickly picked up by Reuters, prompting a wave of negative coverage. The temporary measure drew more attention to the company than it otherwise would have received, including a report on CNN and a story in *Forbes*.

"The company was trying to allow the press to see what was going on when it was decided to let them in," said Quint.

FRB/BSMG Inc. Pincus described the move as "the company's business. But you're symbolical of having something to hide."

MicroStrategy's barrage of negative coverage this year over the company's financial books (see *PRWeek*, March 27). In May, the company's stock plummeted from \$313 per share to \$130. Second-quarter results are expected next month.

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INSIDE PR

SPECIAL EDITION

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Special Edition

AGENCY NEWS

Havas Buys Kratz & Jensen; Firm Will Merge With CDB to Create \$22M Agency, Magnet

NEW YORK—Last month, the Euro-RSCG division of Havas acquired Internet public relations pioneer Middleberg + Associates, signaling the seriousness of its U.S. PR intentions. Yesterday, the Diversified Agencies Group of Havas made its own move, acquiring New York's Kratz & Jensen and Silicon Valley technology specialist Capstone Communications and merging them with its existing Creamer Dickson Basford operations.

The new company, which will have public relations fees of around \$22 million, will have a new name: Magnet Communications. It will also include ACG, another Havas DAG subsidiary that specializes in interactive communications, training, and meetings and events. Kratz & Jensen reported 1999 revenues of around \$7.7 million, while CDB did not report its 1999 revenues. Capstone, meanwhile, has fees of around \$1.5 million.

"By paying as much attention to our people as we do to our clients, we were able to successfully rebuild CDB over the past 20 months," said CDB chairman and CEO Darryl Salerno, who will hold the same titles at Magnet. "This has given us strength, along with the support of Havas, to create a new and stronger organization that will provide greater career opportunities for our staff as well as enhanced and expanded services for our clients."

Kratz & Jensen founder David Kratz will serve as president of Magnet's Public Relations division, while partner Paul Jensen will serve as an executive vice president in the firm's technology practice. He will work closely with Capstone founder and president Holly McArthur, who is executive VP and head of the northern California technology practice.

Technology will be one of the strengths of the new agency, with all three firms bringing their own tech practices: K&J focused on the dot-com and consumer technology sectors, while Capstone has strength in the software category.

K&J also brings extensive consumer marketing expertise, while CDB is best known for its work in the business-to-business sector, with a consumer group that has been growing in recent years. CDB also has an investor relations group, headed by recent hire Mark Danes.

As far as geographic reach is concerned, CDB has offices in New York, Pittsburgh, and Orange County, Cal., while K&J has a presence in Chicago, Los Angeles, and San Francisco in addition to its New York headquarters.

Kratz expressed his enthusiasm for the deal, saying his firm had been approached by several suitors, and that he was excited by the opportunity to "start something new" rather than becoming just another unit of a large holding company.

"This is a tremendous development for our people and our clients because we all share the same people-centric approach along with an unyielding commitment to impeccable service. In addition to becoming part of a great international communications network, we will be able to take advantage of the additional capabilities brought to the table by the other firms, such as investor relations, research, and interactive communications, while reinforcing our expertise in the traditional practices."

The New York offices of CDB, K&J and ACG will soon be combined at new space in Chelsea, another indication of the renewed commitment Havas has to funding its U.S. public relations operations.

Business Day

THURSDAY, JUNE 22, 2000

The New York Times

Havas Advertising Creating a Unit

Havas Advertising is creating a unit, Magnet Communications, by merging two agencies it owned with two it had acquired.

Magnet is being formed by merging Creamer Dickson Basford in New York, a public relations agency, with ACG Communications in New York, which specializes in fields like interactive communications and planning corporate events. They will be merged with two public relations agencies that are being acquired for undisclosed terms, **Kratz & Jensen** in New York and **Capstone** in Emeryville, Calif.

Magnet will have 224 employees at offices in Chicago, Pittsburgh and five cities in California in addition to New York. Total billings were estimated at more than \$30 million from clients like H. J. Heinz, I.B.M. and Vivendi. Darryl Salerno, 47, chairman and chief executive of Creamer Dickson, will hold those posts at Magnet.