Final Task of Public Relations Consultants Initiation: A Case of STIKOM InterStudi Campus Jakarta

Diajeng Herika Hermanu¹, Irwansyah²
¹Student of Master Degree in Communication Science STIKOM InterStudi
²Lecturer of Master Degree in Communication Science Universitas Indonesia

Keywords: Public Relations Consultants, In-house Public Relations, Consultant Initiation, PR Business Unit

Abstract: Modern Organization Theory refers to the efforts to reach sustainable development goal, including in educational institutions which nowadays not only must compete academically but also have to develop their profit sustainability. InterStudi is the first educational institution in Indonesia which set up a Bachelor Degree in Public Relations. This study aims to explore the potential of in-house PR in an educational institution as a learning implementation facility as well as a means to make an additional profit by establishing a PR business unit. The conceptual model of this study refers to the previous studies which focus on how to make a sustainable profit (sustainable development goal) in the context of educational institutions. This study was conducted using a qualitative method through internal interviews with owners, management, and users. It also suggests comprehension of how in-house PR might function as a public relations facility as well as a means to make an additional profit from a PR agency, such as through PR Consultants, Event Consultants, PR Campaigns, or other external PR activities, by involving external users as the target audience. The result of this study provides a relevant suggestion for in-house PR in an educational institution to be established independently by optimizing the lecturers’ role as an educator who will train the students or alumni as internal PR and external PR consultants later on. The limitation of this study lies on the students who were involved as the PR Consultants; their lack of experience compared to a PR agency which has professionally existed makes it important to prepare training and upgrade their PR skills. This study is also limited to the scope of educational institutions where a further research might try to implement a similar study approach with a focus on the exploration of in-house PR business unit.

1. INTRODUCTION

The industry of Public Relations Consultants (hereinafter referred to as “PR”) dated back to the 20th century in the United States. The development of the production goes along with the growing needs for organizations/companies to communicate as well as the increasingly complex relations between an organization and its stakeholders. Therefore, PR consultants are in demand to enhance the organization’s reputation and to improve the relationships between the organization and the public (Hinrichsen, 2005).

In Indonesia, the PR industry also grows rapidly. It is because there has been alteration in PR functions, whether in for-profit or non-profit organizations (Putra, 2008). Nowadays, PR functions are different from what they used to be. In the past, PR was in a marginal position in a corporate’s services of management. In its early development stage in Indonesia, PR merely served as protocol officers, such as ushers, in a ceremonial celebration like an organization’s anniversary.

The development of PR consultants in Indonesia has started since the Republic declared its independence. However, PR begun to grow rapidly when multinational corporations set foot in this country. PR activities that these multinational corporations do intend to convince the public that their arrival is to cooperate with Indonesia (Putra, 2008). Meanwhile, Dahlan (1978 in Putra, 2008) noted that PR developed professionally in the 1990s. The foundation of many reputable PR agencies such as Fortune PR, Imogen PR, and Digital, AsiaPR, and Cohn & Wolfe Indonesia marked this development.
PR is often dubbed as “free advertising.” This could not be farther from the truth since PR does not do advertising nor is free because PR activities can be time-consuming and labor-intensive. PR agency owners might even claim that their business can make the best capital return among other companies in communication. The basis of PR activities is making use of intermediaries to communicate with the audience and influence them. The intermediaries might be, among others, industry spokespersons, stock analysts, investors, trendsetters, industry analysts, customers, employees, even electronic and print media (Newlands, 2014).

The PR Society of America stated that PR consultants work to anticipate, analyze, and interpret public opinion, attitude, and issues that might have a good or bad impact. PR is counseling management in every line of an organization. PR also reviews takes action, communicates, and continuously evaluates programs. It aims to reach public understanding required for the success of an organization’s goals (Wynne, 2013).

According to Staff (2013), PR activities are carried out daily in communication/ advertising agencies, government agencies, and creative companies. PR consultants need to master the skill of writing material and present it to the media. They also have to seek and obtain media coverage when arranging an event. Today, PR can creatively plan, manage, execute, and evaluates an event to boost branding.

Holmes (2012) suggested that in this digital era, the PR industry demands more extensive skills in the field of social media. However, Holmes argued that the industry must return to its roots since PR has to be able to benefit from all affiliates and means to help the client’s organization manage its relations with the stakeholders.

PR consultant agency is a business in communication with good sustainability. However, a PR agency should be able to provide comprehensive and sustainable PR services. Some of the services are crisis management, electronic business strategy, investor relations analysis, working relations, media relations, public affairs, branding strategy, product placement, event organizing, sports marketing, exhibition, and other attributes which can contribute to the marketing and sales of the client’s products and/or service (Cutlip, 2006).

Every industry has different needs and uses different approaches to find the best business solutions. The existence of digital technology in the industrial era nowadays becomes a new challenge and potential for PR to accommodate it into their activities.

Therefore, a program to establish a PR agency will have a lot of potential for STIKOM InterStudi business project, and it is in line with the latest curriculum development towards a creative and digital PR specialization. In fact, the PR agency can, later on, serve as a facility for the students to hone their skills and develop their potential.

1.1. Problem Identification

Based on the background as mentioned above, the problem identification for this study is what are a PR agency’s roles and interests in boosting STIKOM InterStudi progress. The purpose of a PR agency foundation at STIKOM InterStudi is to research how far PR agency’s functions and existence might promote the development of an educational institution in facing competition.

1.2. Purpose Statement

According to the definition communication experts give, PR consultants is a business or agency which offers media coverage, media planning, marketing, or a particular communication service for all kinds of business, including large companies which have their public relations or communication team (Parsons, 2003). PR consultants specialize themselves in improving full public awareness of a brand, a product, or an image of a company or person. They determine the best strategy to publicize a product which will drive traffic to the product and increase sales. According to the PR Society of America, most PR consultants are small to medium enterprises whose activities specialize in catering companies and industrial needs. On the other hand, several large PR consultants, such as Edelman, APCO, and Ruder Finn perform their PR activities in a much broader scope from research, marketing, to playing a role in a company’s marketing strategy entirely and shape public perception. The foundation of a PR agency at STIKOM InterStudi will take the form of a PR Lab with the following purposes, first, to explore how much PR consultants are needed on a campus; second, to give the students a chance to hone their skills in communication especially to develop their potential in public relations; and third, to be one of STIKOM InterStudi’s business units which create jobs by empowering the students and the alumni.
2. LITERATURE REVIEW

2.1. The Need to Have Public Relations at a Higher Education Level

A professor at Cornell University, J. Paul Leagans, has once explained the concept of need. It represents an imbalance, lack of adjustment, or gap between the present situation and the ideal situation desired by many (Leagans, 1964). Still, according to Leagans (1964), a need might arise when there is a gap between “what you get” and “what you expect.” The following figure might depict the concept:

![Figure 1 A Concept of Need According to Leagans (1964)]

To discover the need for a person or a group, facts have to be compiled, selected, and analyzed first before a decision is made. There are four facts that must be obtained to find out the need of a person or a group; namely (1) current trends, (2) the person/group’s opinion/mind, (3) (visible) physical factors, and (4) public problems (Leagans, 1964).

In determining whether there is a need for a PR agency on campus, the first thing to do is to carry out a survey in the community/group members. The study will provide an initial picture of the level of need for a PR agency. By using the aforementioned facts, the questions to ask, among others, are: (1) Is it necessary to establish a PR agency at STIKOM InterStudi, (2) What is the business prospect of PR consultants at STIKOM InterStudi, (3) What are the roles/benefits of a PR agency for STIKOM InterStudi’s students and alumni.

2.2 Public Relations

This study refers to an opinion from Cutlip (2009) who said that PR is a function of management to identify, determine, and maintain beneficial relations between an organization (companies) and the public. Meanwhile, Grunig and Hunt (2009) in Parson (2013) described PR as communication management between an organization and the public. Furthermore, Public Relations Society of America defined PR as organizational activities that are associated with specific kind of public relations and strategically have short term and long term plans in order to avoid internal or external miscommunication (Public Relations Society of America, 2013). Public Relations also has a function of management to help an organization achieve its goals, wherein the process it involves research, planning, implementation, and evaluation as well as requires technical skills, creativity, flexibility, and integrity (Parsons, 2003). The above quotations from the experts support this project of PR Consultations foundation in educational institutions since it can generate additional value in terms of communication management, making an organization connected to the public, and building the students’ creativity.

PR is now highly needed by various formal fields, whether they are for-profit or non-profit organizations. One of them is higher educational institutions. A study on the importance of PR within higher educational institutions in Romania claims that PR can shape a strong identity of the institution. PR also becomes a very influential attribute in the process of selecting superior higher educational institutions from the weak ones. Higher educational institutions that employ PR as a part of their management have a strong image. This will definitely influence the institutions' performance in terms of external fund collected, a number of students enroll, possible research contracts, and potential cooperation with different parties (Stanciu, 2017). According to Kotler and Armstrong, public relations may even make an impact on public awareness with a not nearly lower cost than an advertisement (Kotler and Armstrong, 2006). The tools for this are a press conference, lobby, product publicity, and investor relations.

2.3. The Roles of PR Consultants

There are five main roles of PR, according to Kotler and Armstrong (2015). PR serves as news provider for media, to publicize new products, and to build relations at a national and international level. Other
functions of PR are to lobby the government and policymakers as well as to maintain good relationships with investors, donor agencies, and non-governmental organizations.

Generally, PR has a vital role in maintaining relations with different parties such as stakeholders, investors, and the public. Referring to this, there are two targets in the objective of PR, namely external organizations and internal organizations. Belch and Belch (2004) said that external audience is comprised of people who do not have direct linkages with the organizations. Danandjaja (2011) stated that the external target of PR activities is people outside organizations, both who have linkages with the organizations and who presumably have ones; while the internal target is comprised of the stakeholders, investors, suppliers, customers, and local community members.

PR becomes a part of management to achieve a company’s goals, and hence there has to be a fund the company is willing to spend for PR. On the other hand, the company also has to consider the effectiveness and efficiency of any potential cost and so. Consequently, many companies do not employ PR staff but hire a PR agency instead. A company has to consider several things before making a decision on whether to use PR staff (in-house PR) or hire a PR agency. In-house PR and a PR agency have their advantages and disadvantages for the companies (Stuart & Bond, 2013).

Skinner (2004) elaborated how to define a PR agency from the following few aspects. The number of clients who an agency deals with reflects the agency’s size. Employees whose job is working with clients are called account executive (AE). Their main task is to give the clients suggestions and PR plans and to implement them. The kinds of service a PR agency provides might vary. The service might include a full-house service or just a small part of it as promotion or media relations. The fee and honorarium are parts of the project value that has been negotiated previously by both parties (Haikara, 2015).

Stuart and Bond (2013) also listed some advantages of using in-house PR and a PR agency. The benefits from employing PR staff are (1) quick access because PR staff could coordinate directly with stakeholders, (2) data security is guaranteed, and (3) the team focuses on dealing with the company’s PR so that targets are more achievable.

However, not all companies have a big budget to employ PR staff, and thus many of them make use of PR consultants. The advantages of hiring PR consultants are (1) the company has many human resources so that it can optimize the team functions because they do not depend on a staff member, (2) new ideas are likely to emerge, and (3) cost efficiency (Stuart & Bond, 2013).

Haikara (2015) added four more points to the advantages of using PR consultants. First, cost efficiency in the company, by using an agency, a company might optimize the media and methods of promotion. Second, working relations are more flexible compared to the ones with staff. Third, an agency does not count on one or two people when there is a heavy workload. Last, a company might get some advice from professionals in different fields that might not come from the in-house PR/staff.

2.4. Micro, Small, and Medium Enterprises

Micro, Small, and Medium Enterprises (MSME) are businesses in various fields which touch community interests. Small enterprises are community economic activities which are low in scale and meet the standards of net worth, annual sales, and also ownership as stipulated in the Law (Primana, 2012).

The Law Number 20 the year 2008 article 6 specifies the criteria for micro, small, and medium enterprises. Micro enterprises are businesses with a maximum net worth of Rp 50,000,000 excluding land and premises and maximum annual sales of Rp 300,000,000. Small enterprises are businesses with a net worth of more than Rp 50,000,000 excluding land and premises and annual sales between Rp 300,000,000 and Rp 2,500,000,000. Whilst medium enterprises are businesses with a net worth of more than Rp 50,000,000 excluding land and premises and annual sales between Rp 2,500,000,000 and Rp 50,000,000,000.

Regarding the type of business entity, there are several types the business owner might use, namely Limited Liability Company, CV (Commanditaire Vennootschap), firms, cooperatives, and foundations. They are different from each other, and every type has its advantages and disadvantages (Salvatore, 2001).
2.5. Conceptual Framework

A PR consultant business has the sole purpose of making and maintaining income and profit that will ensure financial returns to its funders and fair, competitive compensation to its employees. Clients want the best service ever, and advertising agencies need income and profit as high as possible. A PR consultant business might make a profit by (1) serving its clients well; (2) controlling costs (salary and overhead); and (3) charging fair fees and competitive rates (Croft, 2009).

There are two types of PR consultant business; one is an independent agency which is owned and managed by an individual, partnership, or a group of people and another one is a department, division, or subsidiary of a national PR business, parent company, or PR consultants. To make sure that a business will thrive and be profitable, equipped with competent, professional staff, the foundation of a company based on the legality is necessary. As an act of conformity with the Law, a company has to legalize its business. The legality here means legal permissions for its activities and all elements involved in them. Permissions could be interpreted as a dispensation from prohibition; in that case, when a business does not have permissions, then its activities are not considered legal (Primm, 2007).

3. METHODOLOGY

This project applied a qualitative approach method through interviews and questionnaires with external and internal parties of InterStudi. The discussions with private parties were addressed to the representatives of InterStudi foundation, including the owners, also the management and the students. From the interviews, it was known that the respondents give their full support to the foundation of a PR Lab so InterStudi will have its own in-house PR and the students will be able to expand their experience by interacting directly with local communities and implementing the knowledge they have gained in class. Besides internal PR, a PR agency is also required for the students to have the first-hand experience of collaborating with companies and dealing directly with clients. This is in line with the course of internship for Public Relations majors at InterStudi so that the foundation of PR Lab will help the students go straight to work.

A potential business unit becomes the important reason the owners agreed on the foundation because it can be a facility for the students to learn how to manage a business where the whole operations themselves will be the responsibility of a PR Lab business coach. The management of the institution supports this business unit as a form of learning the knowledge contained in several courses on entrepreneurship.

In the external data collected from users, stakeholders, and alumni, there was a finding that the foundation of PR Lab is predicted to enhance InterStudi’s potential in terms of education, science, and quality. Some of the users also expect the fresh graduates to be equipped with adequate experience so that they can immediately perform their PR activities well in the companies which hire them.
The interviews were addressed to 40 students and alumni and ten users. From the findings, it is known that both internal and external respondents, 100% agreed on the foundation of PR Lab with jobs became the main reason. For the questions about whether PR consultants support every activity of a company, 84% of respondents said that they help solve problems. The kinds of business that clients much need also can be seen from the interview results, where 52% of respondents voted for organizing a company’s events. In terms of interest in the business unit, 70% of respondents strongly agreed on the program. Overall, the survey findings above showed how a PR consultancy is much needed in educational institutions, especially at STIKOM InterStudi.

4. PROJECT PLANNING

4.1. Description of Project Plan

A business plan is essential in project planning for the foundation of PR consultants. It is written for a business foundation program to be well-organized and carried out in an orderly manner. The core of a business plan is to compile an executive summary, a description of the business, a market strategy or marketing plan, a competitive analysis, a plan for design and its development, managerial and operational plans, and, the most important, financial plan (Hill, 2013).

In a foundation of a PR consultants business which is related to or a subsidiary of an educational institution, a significant portion of income flowing into the PR consultants will be taken in by the institution. Weber Shandwick Worldwide, the world’s largest PR agency, earns more than $400 million a year from its 2,800 employees. PR agencies measure their company’s ability from “net fee” as their income. It is the total earnings a company makes from its clients through staff costs per hour added with a mark-up and project commission. Billings is the total cost charged to a client by a PR agency, including a staff honorarium and the costs of material or service the agency has prepared for the client with an additional mark-up as the agency commission. Generally, a mark-up of 17.65% can be generated from miscellaneous expenses other than 15% commissions from the media where an advertisement is placed. For example, when an advertisement costs $100, the PR agency will charge $100 to the client yet pays the media $85 and keep the $15 as a commission from the media (Johnson, 2015). When a PR agency spends $85 for printing costs, to earn the same amount of real commission, it adds 17.65% into $85, which is $15, and sends a $100 bill to the client (Croft, 2009).

4.2. Stages of Planning

A strategic plan, which should be written clearly and in detail, is an important prerequisite to winning the competition. A business plan should elaborate the organized stages of a business’ foundation, determine the people responsible for the business and the ones who are involved in it, include the design of financial conditions, and a plan for business development towards expansion (Walker, 1982).

According to Roger Kerin (1990), marketing strategy, market condition, and service marketing plan should be parts of a plan made by a PR agency, including product and service mastery to create a market (market driving) or follow the market (market-driven).

A business plan, according to Freddy Rangkuti (2005), is about finding out customers’ profile, market potential for future growth, current market share, analysis of research data on customers and competitors, customers’ characteristics, level of competition in terms of how strong the existing competitors are and what their pricing and strategy are, competitive advantage, and last, future development plans.

InterStudi PR consultant agency, whose business specializes in public relations activities, will focus on publicity management in the form of events. This kind of activities guarantees the precise control of any open event a company should do for the community. This specialization is chosen by InterStudi PR consultants because of InterStudi PR graduates major in Creative Public Relations, particularly events. Target clients include different kinds of business, such as hotels, banks, food and beverages companies, telecommunication companies, and government agencies. By making use of their competitive advantage, InterStudi PR consultants will develop their customer base fast. Having unique skills due to their study of creative PR, which is supported by competent lecturers will give InterStudi PR consultants precious insights, no other PR agencies can offer.
4.2.1 Vision and Mission

The vision of InterStudi PR consultants is "Attention to Detail, Think outside the Box, Professionalism, and Creative Result." With the vision, the mission should be accomplished to increase clients' satisfaction by paying attention to their needs thoroughly and carefully, to offer different ideas, and to deliver a creatively satisfying result.

4.3 Company Profile

InterStudi PR consultant agency is a micro-enterprise in the field of service. It specializes in publicity event management and collaborates with companies that the public considers as the ones often hold events to shape a right image. InterStudi PR consultant agency associates with InterStudi, an educational institution in communication, particularly its PR Program. It also provides PR services for other cases, such as CSR, government relations, and company crisis, whether the cases need immediate help or long-term management. The agency ownership is in the founders' hand. Concerning the need for capital, both for fixed asset investment and for operational costs in the start-up period, STIKOM InterStudi makes a financial contribution to the business. The world of PR is evolving fast in the reformation era, and technology demands PR to be not only the mouth for an organization but also its eyes and ears. This profession requires skills more than mere communication. The relations between PR as a profession and marketing, legal, human resources, finance, and operation are getting closer. PR should be responsible for the management, brand, and advertising and comprehend a wide range of disciplines from marketing to social media. Therefore, the market opportunity for PR services is widely open, including in campaign activities.

4.4 Funding

Regarding working capital, this PR agency will receive aid, either financial or assets, from STIKOM InterStudi in line with the submitted proposal and first-year expenditure prediction. The financial needs for the agency foundation refer to the business needs and opinion of an economist, Sadono Sukirno (2000), who said that funding consists of the initial fund, which will be spent for business foundation affairs such as legality fees, and initial capital. Meanwhile, operational costs consist of fixed cost and variable cost. Fixed cost covers all expenses with a constant amount incurred every month for one period, whilst variable cost is expenses incurred periodically, and the amount of them might vary (Utami, 2017).

As for the fixed cost the PR agency should prepare as a start-up business includes office equipment, namely desks and chairs as many as two each, a filing cabinet, a personal computer, two laptops, a printer, a DSLR camera, a website and paid subscription to a research tool like LexisNexis, and employee salary. While what go into variable cost are marketing, transport, electricity, internet, and consumption.

4.5 Pricing Strategy

Pricing strategy often becomes the main incentive in setting the project bid price. The price sent to customers could be an important tool to communicate the positioning of a PR consultant agency positioning (Madura, 1997). Premium product with premium price will be a package which can be offered to the customers; it covers certain bid costs for most customers, primary, and secondary profit price (Smith, 2012). Initial price is not the center of primary profit. For example, when a PR agency gets a project with fees below the bid price, it can then offer a considerably more profitable maintenance or support contract for mutual use in long run. To match the market level, the package price must be in accordance with the customers' demand and expectations. If the bid price is too high, there might be no customers. If the price is too low, the customers will be misjudged or disrespect the agency’s offer (Nagle, Hogan, & Zale, 2016).

In this case, there are three approaches to pricing strategy. First, to set a price based on a number of factors. This is usually called “cost plus pricing” and can be effective for producers who must cover the initial costs. The second is “market based pricing.” This method sees the landscape of current competitors then sets a price based on market expectation. It can be applied in the high-end or low-end market as a PR agency positioning. Last, the value of a price, which is a “value-based pricing” model, where a price is set from how much value the PR agency can give to the customers (Schindler, 2012).

5. CONCLUSION

The findings from the interview method of this study showed that the foundation of PR consultant agency
at STIKOM InterStudi is necessary, because the agency, according to the respondents, will help the clients with their business. Besides that, the respondents need the agency as a facility for jobs and training. As for the kind of service offered by the agency, 52% respondents agreed that the agency should handle events communication, 18% food products, 8% political PR, 10% PR in hotel industry, and 12% for other fields. From the questionnaire, it was also found that the respondents had an educational reason to have the agency. From the academic point of view, the students can gain extra lessons from their first-hand experience in dealing with real cases in the world of PR, particularly in this era where they are required to catch up on all creativity in the current development. Another finding showed that for a practical reason a PR agency can be a facility to increase skills in running a business unit, which actually has become a demand for the administrators to master. Therefore, according to these findings in the survey result, it is agreed that the existence of a PR agency and its roles are long-awaited and needed at STIKOM InterStudi.

REFERENCES


