

Bay Area

SELECTED BAY AREA PR AGENCIES

A&R Edelman

Allison & Partners

Bite Communications

Fleishman-Hillard

Horn Group

Ketchum

Lewis PR

MS&L

OutCast Communications

Porter Novelli

Ruder Finn

Schwartz Communications

Shift Communications

Singer Associates

Text 100

Voce Communications

Weber Shandwick

WeissCom Partners

FORTUNE 1,000 COMPANIES

Chevron

Hewlett-Packard

McKesson

Wells Fargo

Intel

Safeway

Cisco Systems

Gap

Apple Computer

Oracle

Sanmina-SCI

PG&E Corp.

Sun Microsystems

Soletron

Calpine

Applied Materials

Agilent Technologies

Golden West Financial

Google

Many conversations about the Bay Area's business climate are still framed in the context of the collapse of the Silicon Valley dot-coms.

But the Internet bubble burst years ago, and the Bay Area is experiencing an upswing in business, particularly over the past year, PR experts say.

"A year ago things were very sleepy," says Bob Angus, whose firm A&R Partners was bought by Edelman this year. "Today, the metabolism is back, and business is very strong."

Venture capitalists are once again investing in different kinds of companies, ones more service-oriented as opposed to hawking products over the Internet, says Vincent Lauria, VP of product strategy at Meetro, a social networking site.

Elsewhere in the news, this summer's heat wave has renewed interest in "clean tech" and green companies, Apple continues to make noise since its revival with iPod, and approval and funding of stem-cell research make California a leader in the area. And not a day goes by without Google in national headlines, from the click-fraud issue to its dealings with censorship in China.

On a less positive note, high gas prices limited summer travel, which impacts the area's tourism sector, and the housing market is starting to drop, with more properties for sale than willing buyers.

THE AGENCY WORLD

Major national PR firms are well-positioned in the Bay Area, with Fleishman-Hillard, Weber Shandwick, and Ketchum among them. But this area breeds confidence in independent businesses, as well.

"It is very entrepreneurial... a new idea can start a company and often does," Angus says. "There is a large number of small boutiques and independent agencies."

But while there is a wider variety of new and more stable accounts, there is also a shortage of mid-level account executives, a fight to retain them, and, thus, a bounty on the head of each one. When business collapsed in the Silicon Valley, many people who had flocked here from out-of-state for the virtual Gold Rush simply returned home. That, and the migration of PR people to dot-coms in the early days of the bubble, created a missing generation of PR pros with five to eight years' experience.

"We feel... that the tech sector lost a lot of talent eight or nine years ago," says Jose Mallabo, VP and group manager at Ketchum. "With our clients, recruitment is a huge issue because of the cost of living here. It's top-heavy, but for the middle level, it's tough."

THE CORPORATE PICTURE

The Bay Area has a rich history of innovation.

"When you have Cisco, eBay, and Adobe in your backyard, you have a certain mindset," says Kathleen

Robust return to tech activity

► The San Francisco Bay Area is enjoying a vibrant growth spurt, with tech and VC activity on the upswing. *Celeste Altus reports*



larger companies in the Bay Area, such as Levi's, The Gap, Intel, and Cisco. "Their business goes far beyond California," he says.

A lot of the work big corporations are asking for is branding, sources note. From Kodak to Microsoft, creating and positioning a corporate brand is a priority.

Although many banks here have merged, Union Bank of California and Bank of the West, as well as myriad venture capital and private equity firms, represent the financial industry. Major investment firms, including Barclay's Global Investors, are based here.

"The Bay Area has always been a financial services center of the West," says Curtiss Olsen, APR of CFO Communications and president of the San Francisco PRSA.

And new businesses are sprouting up across the area.

"After the bubble burst, folks took shelter in the safe havens [that] established corporations offered," says Andrea Roesch, senior partner at Tier One Partners. "But now, people have had enough of the corporate world and are directing their creative energies toward entrepreneurial efforts. The products and services being developed right now... will change the way people communicate and do business."

MEDIA

Bureaus for *The Wall Street Journal*, *New York Times*, *Los Angeles Times*, and CNN are here, as well as such magazines as *Fortune*, *Forbes*, *BusinessWeek*, *Business 2.0*, *Wired*, and *InfoWorld*.

And the heavy tech focus in the area is catered to by many international media, too.

"California has a number of international trade media based here that report on Silicon Valley for publications in Japan, China, and Southeast Asia," says Gerry Corbett, Hitachi corporate communications VP. "In that sense, it's a useful hub for tech companies."

And of course, blogs are always part of the conversation—both the independents and the official blogs written for mainstream papers.

For local newspaper coverage, the *San Francisco Chronicle* is still considered top-tier, with a daily circulation of more than 300,000. The *San Jose Mercury News* is a well-respected paper in the Silicon Valley, and the Alameda Newspaper Group publishes *The Oakland Tribune* and daily sister papers.

In tech PR, account executives know the tech beats in the mainstream media are more general.

"The major newspapers have an Internet reporter, telecom reporter, an editor interested in Intel," says C.J. Martinez, senior media specialist at Ketchum. "You don't call and say, 'Who's the iPod reporter?' You find yourself educating reporters... it's a unique opportunity for agencies. You can drive the news better if you're truly giving information, as opposed to reading a press release." ■

Gratehouse, VP of Text 100 in San Francisco. "Blogging and wikis are a part of [daily] work. You're likely to pass [Craigslister founder] Craig Newmark on the street. The innovation is unique in our sector."

The top sectors in the area are technology, healthcare, biotech, and financial. Hewlett-Packard, Intel, Apple, and hosts of other companies here are pioneers. Most major tech companies hire a raft of PR firms to represent them.

"The business continues to come primarily from the technology sector, although many of the larger players like Google or Yahoo have a large consumer focus, which

attracts consumer practitioners," says Gary Thompson, EVP and GM of Schwartz Communications' West Coast office.

As the largest corporation in California, ChevronTexaco uses a lot of agencies for different reasons, from specialty firms in technology and M&A, to big firms like Fleishman-Hillard, says Dave Samson, general manager of public affairs.

"We probably use six to eight firms on a regular basis," he says. "We're on the nexus of geopolitics and economics, so we use firms focused on corporate or political communications."

Samson says that is typical for the