



GolinHarris Frankfurt is a communications agency with three main focal areas: corporate and financial communications and brand communications. We support our clients in these areas with PR as well as advertising from a single source: from strategic consulting and press work to targeted opinion polls; from annual reports to promotional videos for companies; from financial and corporate advertising to media training. The Frankfurt office, founded in 1969, is part of the international GolinHarris Group network, which has 540 employees and 34 offices worldwide.

Dear Readers,

the person inviting you to peruse our 25th edition of TRUST is at once a new and an old face: our long-time managing director Benedikt von Westphalen decided to move on after 20 years with GolinHarris. I have been with the agency for eight years and have been heading the Frankfurt office since October. The Frankfurt office will support you with the same motivation, professionalism and service you have come to expect and appreciate from us. With the same account managers and teams with which you have worked successfully and achieved great results. And we are looking forward to tackling new challenges together with you.



The current edition covers topics like "Best Ager" as a driver for the economy, criteria for successful internal communications, the level of knowledge and expertise Germans have in financial questions - and the challenges this poses for professional PR. Also included is the quarterly column by Al Golin, our founder and chairman, as well as machines instead of human beings in fund management.

I am confident that you will find some interesting food for thought in here and wish you happy readings!

Kindest regards from Frankfurt Opernplatz

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COMPANY MAGAZINE OR FACE TO FACE?

In search of the factor of success for internal communications

Internal communications is on the rise. It uses numerous channels, presents information with advancing professionalism and it is continuously gaining acceptance on board level. Nowadays, many companies understand and perceive their employees as a key factor for the success of their company and employees expect to be informed and involved in decision-making processes.

It is not difficult for internal communications to reach out to its target audience – at least not in technical terms. In many companies, besides the traditional company magazine, the Intranet has taken hold. Employees are hardly able to escape the information flood, which is peppered with newsletters, video and pod casts, and even management-blogs. However, for all diversity, one must never lose sight of the most important variable in internal communications: the employee and his needs.

Every internal communications vehicle, whether it's electronic or printed, should only be seen as one of many possible instruments capable of transporting messages. However, it does not replace a dialogue or face time. It is not about circulating one-sided bulks of information amongst employees. It's rather about comparing notes and representing a diversity of opinions. Internal communications has many faces. But it's the human touch and the face time that makes a significant contribution to its success.



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The 10 "commandments" of internal communications

1. **Early:** Personnel must be informed about important decisions as soon as possible
2. **Coherent:** Internal communication must mirror external communication
3. **Authentic:** Management must not feign contiguity and pretend interest
4. **Simple:** The circulated information must be generally intelligible and comprehensible
5. **Continual:** The dialog amongst employees must always be nourished and cherished
6. **Diverse:** Communication must flow through numerous channels
7. **Critical:** Personnel must have the opportunity to voice their opinions and express their thoughts
8. **Tangible:** Announced steps must be implemented and practice what you preach
9. **Personal:** Important information must be communicated from face to face
10. **Competent:** Internal communications is a matter for the boss; it must come from the leadership.

Age: Economic Mainstay

According to a current survey on behalf of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, the amount of 50-year-olds in Germany will account for one-third of the population by 2020. By the year 2035, nearly a half of the population will be 50 years of age or older. Numerically they already constitute an important economic consumer group. The consumption behavior of over-50-year-olds accounts for at least 45% in food and clothing-related consumer products; and for nearly 50% in travel industry.

This year, the German Institute for Economic Research calculated that older people (60+) dispose of mass purchasing power: with an annual EUR 316 billion their expenditures amount to nearly a third of the total expenditure for personal consumption. From a demographical point of view, this quota is expected to rise to more than 41% or EUR 386 billion by 2050. This is especially notable with over-75-year-olds, who increased their total consumption from EUR 41 billion to EUR 80 billion within 10 years. This target audience's total consumption will double to EUR 168 billion by 2050.

Several companies have already discovered this new growing target audience, body and health care, tourism, banks and insurances being the leading business areas.

Precise and Sensitive

With "GH Longevity" we rise to a challenge and meet the special demands dictated by this specific group of buyers. Our analysis prove that it is especially important to cater for the needs of this active generation of senior citizens that possess decades of consumer knowledge, but still expect to be taken seriously within their age-related barriers. Senior citizens are usually willing to spend more money for products and services if the quality is right. As such, the senior citizen market offers a boundless expanse for innovative services. The decisive determinant for the rate of innovation is the potential market size. The German senior citizen market will thus be one of the first within Europe to grow in a highly dynamic manner.

Within the context of communication our experiences so far have shown that an accurate characterization of the product's benefit must be brought to the fore. The Internet is becoming for the older generation a more important channel for commercial exploitation. Sensitivity when addressing the audience is key: an age-neutral approach is just as important as a gentle handling of age-related barriers. Because: We all want to live long, but no one wants to become old.



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GolinHarris launches worldwide "Green" unit for environmentalism and sustainability

Under the characteristic brand name "Green" GolinHarris is now offering – as part of a global offering – its extensive experience to help clients with sustainability issues. This offer will focus on issues and business imperatives rooted in four key pieces of sustainable development, first outlined more than 20 years ago in the historic Brundtland Report: environmental sustainability, economic sustainability, social sustainability and political sustainability. "Green" grew out of existing GolinHarris work on sustainability issues including energy and security, climate change, carbon offsets and sequestration and clean water. The team has extensive experience helping clients leverage existing practices to build strong platforms, garner the right allies and partners and communicate a strong commitment to sustainable development and the world around us.

"Green" joins three other GolinHarris specialty practices – "Change" (bringing corporate citizenship solutions to companies and organizations), "Insidedge" (leading companies in the development of world class employee communications), and "Engage" (advising clients on activism and issues management).

THE FINANCIAL SECTOR IS SPEAKING AND SPEAKING – BUT NO ONE IS CATCHING ON

Every year, investment companies, banks and insurances pay gazillion euros to communicate with potential investors. But apparently they are failing to achieve a general improvement in educational background when it comes to finance-related topics in Germany. This continues to be in a miserable state, according to a representative survey by TNS Infratest.

Misjudging ones own knowledge

45% of those polled self-reportedly deemed their financial knowledge as “very good” or “good”. But vast gaps of knowledge were revealed when the matter was discussed in detail. Nearly all of the interviewees have heard of pension funds, but nearly 50% claim that the purchases serve to safeguard statutory pensions. However, the funds actually invest in various bond issues. Equity funds invest in stocks: 75% of the respondents even knew that. But then the knowledge starts to thin out. For example, only 42% knew that capital gains – at least until the flat rate withholding tax comes into effect in 2009

– are only subject to taxation if the investment's maturity is less than a year.

The respondents significantly underestimated the performance of an equity fund; while at the same time overrated the performance of a normal savings account. Not to mention the fact that an unbelievable 74% of the interviewees were not able to name a single investment fund. Even 55% of those in possession of shares in funds were not able to come up with a company's brand name. The list of gaps is endless.

Talking the same language

The survey affirms the inability of many financial institutions to talk the same language as its investors. One has the impression that they are effectively talking at cross-purposes. And right now, it's especially important to strike the right note, as many people are forced to deal with this topic when it comes to their private pension schemes. Financial offerings are often compared to mobile phone advertisements: the significant details are to be found in the fine print. Or it has to be arduously decoded in the sales brochure. Maybe the many financial associations should start thinking about actually launching an informative umbrella campaign, for fund investments, for example.



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PR-Trendmonitor: Boost for 2008

The upswing in the PR sector continues to perpetuate. Similar to the survey in June 2007, PR agencies expect further growth compared to in-house public relation departments, associations or administrations. 71.4% of in-house public relations departments rank foremost the quality of choosing a PR agency. Especially small companies with less than 50 employees (74.7%) and larger companies with more than 5,000 employees (75%) demand high standards when it comes to quality. But the agencies are already on the ball: nearly 60% claim that the quality of services rendered is of capital importance to clients. An agency's sectoral expertise is the second-most decisive factor (42.4%), followed by subject-specific specialization (38.3%). In addition, 27% of the agencies claim that clients attach great importance to references. This however, is relevant to only 12% of in-house public relation departments when choosing an agency.

The PR Trendmonitor examines tendencies and developments in the communications sector via online surveys. dpa-subsiary, news aktuell and Faktenkontor conducted the survey, in cooperation with GPRA. 1,912 qualified personnel and managers from public relation agencies and various in-house departments were interviewed between September 10 and October 5, 2007

Public Relations – A Great Business and Still Stimulating After 50 Years

The public relations business is a business that keeps you young – keeps you current... curious... probing. In our profession, you have to know what is happening today to be perceptive enough to forecast tomorrow.

A key area that we at GolinHarris believe requires urgent attention involves that commonly-used word, "trust." I know the notion of being trustworthy sounds very basic and maybe "soft," but we have come to see it as a hard-nosed business tactic that in today's glass-housed world is nothing less than critical to the long-term success of an organization. It is, as far as we are concerned, the most basic element of the social contract; the great intangible at the heart of every long-term success. Trust is the belief – the faith – that you will do your utmost meet an expectation. Trust is a commitment to excellence and fidelity. It is fidelity to employees. A belief that management and staff are all in this together. They know you'll go to the wall with them and for them. And you will know they'll do the same. It is fidelity to clients and customer. A belief that your company offers more than a service, product or experience – that you are people your customer can count on.

There was a time – not so long ago – that trust was at the core of every business-customer relationship. Sadly, times have changed. Today, global business has embraced the vocabulary of tort lawyers: "breach of contract," "joint and several liability," "negligence," "not fault," "punitive damages." Trust was once at the core of every company-employee relationship. Today, those loyalties have been sacrificed – to some degree, necessarily – at the altar of downsizing, mergers and reinvention.

I began thinking about this after seeing a book by Francis Fukuyama, the brilliant Rand scholar, who defined the post-Cold War era with his essay on "the end of history." This book, titled "Trust," lays out the diagnoses of what is missing in our global society. He calls the money some people in particular spend suing one another, "a direct tax imposed by the breakdown of trust in society." He says that the social capital represented by trust will be as important as physical capital. The popular image of a corrupt, scheming corporation, eager to exploit the customers, is a cliché that modern capitalism has got to shake. It has helped spawn an anti-business bias that, very unfortunately, is reinforced every so often when a company fulfills the public's worst expectations. Like the manufacturing company that let its stock price soar, which generally accepted accounting principles were violated. Or the European division of one of the world's best-known companies that refused to believe a contaminant could be in its beverage. These companies have found and are finding that a breach of trust can be a killer.

Nothing today can be hidden

It kills because nothing today can be hidden. Not with corporate walls made of glass, not with employees, investors and business media all knowing the insight of major corporate decisions, and not with news traveling instantaneously around the world. Indeed, companies must get over the idea that they can confine a problem to a given area or country. I have found one constant among companies that understand the importance of building trust. To pare all I've heard to one phrase, I would call it "reliability over time."



Al Golin
Founder and Chairman
of Chicago based
GolinHarris

Reliable companies are the winners

Whether you are in Frankfurt, Rio de Janeiro, Hong Kong, New York, London or Los Angeles, reliable companies that create, restore and maintain trust are destined to win a decisive advantage in this 21st century. Think of your mechanic, your children's teachers, and your doctor – when they exceed your expectations, you will become more than a satisfied customer, you tell others, you give endorsements, you become their advocate.

Trust is a process and an outcome

Trust, in other words, is both a process and an outcome. The heart of dealing with clients, customers, employees, shareholders. The heart of one's whole approach. And – when that trust is returned in kind – the heart and soul of a growing bottom line. All this leads me to a conclusion that we have embraced at GolinHarris – namely that trust can be a competitive advantage. Getting involved beyond goodwill. It is a business model that builds durable relationships with customers, employees and investors. It is a business model that will sustain any company through bad times and propel them upwards in good times.

Some say that with so much consumer power, trust matters less. Why should trust matter when – the argument goes – a customer has access to unlimited information on the internet? It is undeniable. Information is empowering. Yet even within the new economy, people look to their own network – friends, family, colleagues – for greater

trust. Our focus groups showed intense distrust of many internet services. The challenge for e-commerce is to give people a reason to trust it and to provide personal information.

But there has to be a balance of some high touch with all this high tech. I'm always amazed when I think about a fellow in our office who sat in an office about 50 feet from mine and sent me an email and voicemail instead of walking into my office. I'm convinced people don't want confrontation. Because of the fact that cyberspace is so anonymous, the trust factor is even more important to maintain, when individuals or companies can attack anything they want. It only took the internet five years to reach 50 million users. It took cable 10 years, 13 years for TV, and 38 years for radio to reach that audience.

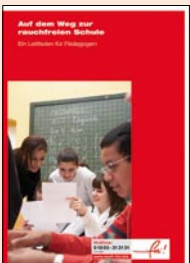
Reading the public mind – not manipulating it

I am old enough to remember that 40 years ago, the PR professional's dream was to figure out how to get people to do what you wanted them to do. Well, today's more realistic goal is to position your product or service so it is in sync with what people are going to do anyway. Put another way, knowing what a consumer "thinks" is not as important as knowing which of those perceptions will count most in his decisions to act. Today's public relations professional is humble enough to realize that the power to persuade is very limited. Success in the 21st century comes from reading the public mind, not manipulating it.



Al Golin
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GolinHarris Frankfurt designs new look for BZgA guidelines



For a short time a guideline of Bundeszentrale für Gesundheitliche Aufklärung (BZgA) for the smoke-free youth campaign is presenting in a new contemporary layout. The campaign especially addresses teachers. GolinHarris was responsible for the layout of the complex brochure which is aimed to support teachers on their way to a smoke-free school.

GolinHarris Questionnaire: Petra Schellert

What are you currently working on?

More serenity and sovereignty

What animates you?

Curiosity and happy motivated people

You have EUR 1,000 to your own disposal – how would invest it, media wise?

I would plaster a bus in my hometown with greetings to my family, friends and everyone I know.

Who would like to discuss money with and why?

With Scrooge Duck, because as a child I was fascinated by the image of bathing in money

Who in the communications industry would you like to swap with for one month?

With press spokesperson of the German Railway (Deutsche Bahn)

Which characteristic is the most important in today's media society?

Credibility

What is the most impressive communication-related accomplishment?

To describe complicated issues in an intelligible manner

Is there a specific communication-related accomplishment you are especially proud of?

I associate pride with other things/accomplishments

What communication-related dream would you like to fulfill?

If, then I would like to write a humorous book

How do you relax best?

On inline-skates or driving in my cabriolet

Your favorite song and why?

Dancing Queen by ABBA. A catchy tune, that always gets me going. Apart from that, it really depends on my mood.

Three books that inspired you, communicatively...

Medicus – Noah Gordon
Da Vinci Code – Dan Brown
PS, I love you – Cecelia Ahern

As a child I wanted to be ...

Pippi Longstocking

Tell us one of your maxims?

I live today and enjoy every day!



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ADVANCING REPLICAS

Processor Teraflops versus human nerve cells – even in the world of finances

Replicas – until now, one had associated this kind of artificial intelligence at most with science fictions movies like Blade Runner. Now, thanks to a British mathematician and professor for risk managements, they have arrived on the financial landscape. In the world of financial mathematics computers are per se indispensable. Upgraded to so-called replicas – thanks to special software – they have reached a new evolutionary stage, especially for hedge funds. Against the backdrop that the once highly acclaimed wonder-funds had been facing dwindling rate of returns in the last couple of years; at least when humans were managing them. That's because the wave of lucrative investment ideas is starting to ebb, whereas investors are continuing to shower them with heaps of capital. Here the ultra fast computer, with its special software, promises remedial action – it navigates, fully independently, so-called replica hedge funds. In test runs – despite initial costs of around EUR 20 million – replicas were able to shake off hedge funds, which were managed by humans, in terms of rate of return by 82% in the last 15 years. Extreme computer per-

formance coupled with innovative software seems to pay off in comparison to billions of human brain cells.

At the same time, computer development is advancing at high speed. Just recently, the Japanese manufacturer NEC introduced a new super-computer that even makes Bluegene, IBM's incumbent champion appear to be ancient. The SX-9 from NEC's range of successful super-computers is meant to enable a maximum calculating capacity of 839 Teraflops (TFlops), which is equivalent to 839 trillion (an amount with 12 zeroes!) floating-point arithmetic operations per second. Hitherto, Bluegene has the capacity of 280 TFlops. And the race continues. For the computation of highly complex simulations a delightful prospect – also for the world of finances.



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