

An interview with Madan Bahal, Co-Founder and Managing Director of Adfactors, Co-Chair of Public Relations Organization International (Asia Pacific Region)

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ABSTRACT

In June 2015, Uma Bhushan of the K. J. Somaiya Institute of Management Studies and Research sat down with Madan Bahal, Co-Founder and Managing Director of Adfactors, to discuss the state of public relations practice in India. In this interview, Bahal describes three of the biggest challenges facing the Indian public relations industry. Bahal describes key aspects of the public relations practice in India. He talks about the industry's potential for tremendous growth, explaining what Indian public relations professionals can do to improve their craft and strengthen their field. Bahal also describes how digital communications are transforming public relations in India.

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“Success in life comes from focusing on one good idea for a long time. Buddha was seeking the path to enlightenment and meditated on it long enough to achieve it.” This is Madan Bahal’s simple recipe for success. Bahal is the co-founder and managing director of Adfactors, India’s largest independent public relations firm by revenue and one of the 100 largest in the world (according to the 2015 Holmes Report 250). He is also the Co-Chair of Public Relations Organisation International (PROI) for the Asia-Pacific region.

Adfactors PR consults to about 280 retained clients, including some of the largest Indian and multinational corporations and financial institutions. With offices in Dubai, Sri Lanka, and Singapore as well as an 18-office network in India,

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Adfactors PR is on the verge of being the first Indian PR consultancy to “go global.”

In his 33-year career, Bahal has steered the PR destinies of countless clients across a multitude of sectors. Under the stewardship of Bahal, Adfactors has won a number of regional and national awards. For example, Bahal has the distinction of being the first Indian to receive the SABRE award for Outstanding Individual Achievement from the Holmes Report in 2013 for building Adfactors.

Here are Mr. Bahal’s views on key aspects of PR practice in India, explained by Mr. Bahal himself:

Key aspects of PR practice in India

Media relations dominate Indian PR practice. Westerners are generally surprised at the undue weight that practitioners assign to media relations. This is because of the complexity of the Indian media market, where several thousand newspapers and several hundred TV news channels compete. Crisis communication is another major area of work. Public scrutiny of business has become a norm, and everybody is facing the heat.

Usage of social media is much lower in the mix. For most Indian PR agencies, less than seven or eight per cent of revenues come from social media work, while in the more developed markets of the West this number could reach 30%. At the organisational level, we at Adfactors continue to invest heavily and make ourselves fit for the world of convergence. Every other employee of ours is being trained in digital processes. We are also setting up analytics capability and video capability, so that all video production is done in-house.

Top three challenges for the Indian PR industry

First and foremost, talent remains a major issue in India, as it is in any other world market. In India, the talent scene is particularly complex. There is a crisis at the mid-level and senior levels, as the availability of talent at this level is poor, while the demand is large due to high growth in the Indian economy. At the entry level, the talent is quite good. There are a large number of good institutes who are producing the required quality of talent.

The second major challenge is the inability of the industry to pass on service cost inflation to clients. Cost of service increases by 12 to 14 per cent ev-

ery year, whereas the average fee hikes are much lower. This disparity leads to erosion of margins and unviability of business. Client-myopia is equally responsible for this situation. I know of MNC brands in the auto space which may be spending 10 million dollars on public relations in their home markets in Europe, but when it comes to India, they offer a retainer fee of 50,000 dollars per month. You cannot do much for a country as large as and complex as India when these budgets are not even peanuts. I believe clients must take a fresh look at the allocation of budgets to public relations. Otherwise, they must moderate their expectations.

The next major problem is that most practitioners are at least a decade behind in knowledge and expertise. The world moves at a rapid pace, as do our clients, and just about everything has changed – whether it is market demographics, level of competition, regulatory frameworks, digital growth, or democratization of the media in the hands of the common man. The public relations industry as a whole has not kept pace with such generational changes. Their leadership has yet to wake up to these challenges. Small and independent PR firms have had trouble meeting these challenges over the last decade. Most of the firms sold out to MNC networks – foreign firms that set up branches from scratch in individual countries or buy up smaller well-established firms to expand their network – because they were finding it difficult to compete. For example, in India, Burson-Marsteller bought Genesis, Hill & Knowlton bought IPAN, MS& L bought Hanmer & Partners and 20:20 Media and Edelman bought Roger Pereira & Associates. A few foreign agencies have started from scratch – Text100, Fleishman-Hillard, Waggener-Edstrom and APCO.

Talent retention is a related problem that can be split into two components. At the entry levels, we lose many female employees due to family and social factors. In Indian culture, young women are under pressure to get married and start families. Oftentimes they are not even allowed to work after marriage. This is something we can't do much about. At the senior levels, however, several successful talent retention strategies have been tried and tested to perfection.

Growth areas for PR in India

Sectors that constitute the core of the Indian economy – manufacturing, healthcare, education, technology etc – are continuing to grow. In the immediate future, I foresee that business will continue to grow in volume

at a robust pace of 15 to 20 per cent driven by several factors: a high rate of economic growth, a digital explosion, and the increasing need to take PR messages deeper and wider into the high growth markets which have so far not been served by PR. Still, I have witnessed an anomaly at the top-end of the pyramid. The larger PR agencies have experienced flat revenues and shrinking margins in the last couple of years. The growth is happening in the middle and bottom of the pyramid.

In a globalizing world, the skill sets required in a professional would be mostly generalized, while some would be specific to each market. All good PR professionals need to have a certain research orientation, a sound understanding of the digital social media landscape, and a broad understanding of how things work in a particular society. Since we are business consultants, we also need a good understanding of business realities, as well as how business strategies are formulated. We need to work with clients' strategic business goals.

Most clients are having sleepless nights. They operate in hyper-competitive environments, and they have to deal with complex regulatory policies. The PR professional must understand why their clients are going without sleep and how to comfort them.