

NEWS

'Time' squabble

Scientology adds WPP units to attac

By Gary Levin

NEW YORK—WPP Group's Hill & Knowlton, the giant public relations agency charged with generating favorable images for clients, is having public relations problems of its own.

The latest controversy surfaced last month, when the agency was forced to resign the \$2 million Church of Scientology International account a week after a May 6 *Time* cover story labeled the church a "cult of greed" that had bilked its followers of millions of dollars.

The church quickly began an ad campaign in *USA Today* attempting to discredit *Time*, culminating in a 28-page magazine-style insert June 14 (AA, June 3).

For some time, Scientology has been attacking drug marketers and Eli Lilly & Co. in particular for anti-depressant products like Lilly's Prozac, which the church claimed could drive users to homicide and suicide.

J. Walter Thompson Co., which like Hill & Knowlton is owned by WPP Group, counts Lilly as its most important healthcare client and pressured WPP to force the PR agency to give up the Scientology account. Lilly represents a significant share of the JWT Healthcare unit's \$40 million in billings.

In the insert, the church claimed WPP Chief Executive Martin Sorrell "found himself wedged between JWT's losses of major client accounts [referring to the period shortly after WPP's 1987 takeover of the agency] and Lilly's demands that Hill & Knowlton abandon its account with the Church."

The ad, created in-house, said *Time*'s story was motivated by a desire to protect WPP's healthcare advertiser clients, and therefore *Time*'s own revenues. The insert claimed "perhaps 15%" of the magazine's ad revenues, or "an estimated \$57 million," come from companies "controlled" by London-based WPP, and implied those reve-

nues could have been jeopardized if *Time* hadn't come to Lilly's rescue by discrediting the Scientologists.

"Lilly, through its advertising connections and media influence, has attempted to silence the Church in order to salvage and protect its billion-dollar Prozac empire through the *Time* article," the ad said.

"I'm not sure quite honestly I understand the connection they're drawing between Lilly, WPP and *Time*, but the idea that W had any hand in the story is ridiculous," said Robert Pondiscio, a spokesman for *Time*. He said the newsweekly stands by its article.

Frank Mankiewicz, Hill & Knowlton chairman, described as a "logical fallacy" that the Lilly conflict led to the Scientology resignation, saying it was the agency's own decision. Other Hill & Knowlton sources disputed that assertion; WPP declined comment.

Meanwhile, SmithKline Beecham Corp., which had assigned Hill & Knowlton a deal similar to Prozac less than a week before the *Time* story appeared, pulled the account three days later but left its overall business intact. SmithKline wouldn't comment but is said to have been unaware that the agency even represented Scientology and learned of it only from *Time*.

Top executives were said to be "uncomfortable" with the Scientology account but didn't want to give up it up at a time when business is slumping.

Many observers trace Hill & Knowlton's appetite for touchy issues to Bob Dilenschneider, the agency's flamboyant president-ceo. He declined to be interviewed about this article but has been the subject of earlier, unflattering magazine profiles.

"I think of it as Dilenschneider's style and the nature of his perception of where money can be made in PR," said Laurence Goldberger, analyst at Shearson Lehman

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Bros., who follows WPP. Under Mr. Dilenschneider, the agency has been embroiled in controversies involving the U.S. Conference of Catholic Bishops and the Citizens for a Free Kuwait.

"The perception was Hill & Knowlton was an old gray lady," said one executive at the agency. "What [Mr. Dilenschneider] wanted to do was wake it up and bring it to the forefront."

A spot check of other clients didn't turn up any major concerns about the controversy.

"Our view of that kind of thing is that's Bob Dilenschneider's problem," said Wright Elliott, executive VP-director of corporate communications at Chase Manhattan Bank. "If they were taking a position on bank deregulation, that's one thing. But I don't think that ought to get into our relationship."

"They've done a very good job for us, and we don't tell them how to run their business," said Donna Galotti, publisher of *Ladies' Home Journal*.

Gary Gerdemann, public relations manager at Pepsi-Cola Co., said its relationship with Hill & Knowlton was unaffected.

"Clearly, we wouldn't be involved with a public relations agency that we didn't think brought value to our relationship," he said. □

Scott Donaton and Alison Fahy contributed to this story.