Pay-For-Performance... Is It for Real Or a Scam?

By Dick Grove, CEO, INK inc.

Disclaimer... I’m a PR professional that’s been utilizing a results-based compensation system for over twenty years and so can state categorically that it is real and can be beneficial to a large percentage of clients. However, during this same twenty years, I’ve born witness to and suffered from the scam artists and less than professional PR types who tend to screw it up for the rest of us. Thus, maybe it’s time for a primer on this often misunderstood term.

First... pay-for-performance PR is a relative term that simply means, being charged for actual results and not just the effort applied nor hours expended. “Performance” and “results” are interchangeable and usually mean a tangible item such as a publicity placement in the media or a speaking engagement... a set measurable item, not an abstract service such as “consultation.”

Second... the prices charged are variable but usually reflect fair and comparable market value to the prestige, audience size and/or comparable advertising rates of the placement or engagement.

Third... the prices and compensation as well as the overall maximum budget for the term of an agreement should be determined and approved by the client prior to any outreach.
This should always be in writing.

**Fourth...** all pay-for-performance PR firms are not the same in the services they offer or how and what they charge. Some offer additional core PR services under separate fees and some are hybrid in that they charge a small retainer in addition to a contingency budget for the performance deliverables. All reputable pay-for-performance firms, however, will share in the financial risk, part or in full, with the client. To put it simply, the more results or performance a firm delivers, the more the client pays. The less the firm delivers, the less the client will pay. And reputable pay-for-performance firms always charge after-the-fact for the performance deliverables... only when the results have been achieved, not before.

**Lastly...** Be alert and very wary of pay-for-performance firms that guarantee coverage or results. That’s not only too good to be true, but grossly misleading and impossible...and a scam. Reputable pay-for-performance PR firms never guarantee results. They guarantee instead that results will be delivered before they send an invoice.

Pay-for-performance PR is nothing new or mysterious or, as some traditional hourly-fee or large retainer PR firms would have you believe, unethical or against the tenets of the PRSA. Not true. Paying for results and not just effort is simply the most ethical and old fashioned compensation method still being practiced.

*About the Author: Dick Grove has over 40 years of experience in the media industry. He has received considerable press over the last several years for his use of a non-traditional business structure and compensation plan. His experience ranges from financial and investment relations, to high-tech campaigns and products, and the vagaries of the entertainment world.*