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• Cost/Schedule Analysis
• Program Planning/Scheduling
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PROJECT LOGISTICS ENGINEERS
• Logistics Support

LOC ANALYSIS
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• Provide support for management
• Develop the technical analysis for
• Develop assembly drawings, etc.

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Daily Bread

Daily newspapers profit from defense buildup as Pentagon contractors throw the watchdog a bone

The Pentagon quietly and indirectly funnels several hundred million dollars annually into the bank accounts of a handful of media conglomerates. These corporations—which control virtually all of the nation's major daily newspapers—receive the money for publishing classified employee recruitment ads that experts say don't work.

In exchange, the DOD gets an almost free ride from the newspapers' editorial troops, as high-profile, page one "investigations" into DOD fraud often and almost

comically result in subtle mainstream newspaper support for increasing the budgets of the Pentagon contractors under scrutiny.

The current scandal involving the sale of secret DOD information to several major defense contractors is the latest example. Once again, with federal prosecutors promising to indict scores of consultants, government officials and defense industry operatives, it appears that the gears of justice finally are grinding away, ready to chew up a whole barrel of rotten apples.

However, despite the enormous news-gathering budgets of the daily newspapers—which leave the public fully informed on matters concerning the love lives of everyone from Lia Belli to Gary Hart—nary a word of this most recent scandal surfaced until the Feds fed this whopper

directly to a press that was perhaps unwilling, if not unable, to unearth the saga of widespread corruption on its own.

It serves to illustrate a startling fact: The current Defense Department scandal represents not only a collapse of ethics at and around the DOD, but an even more worrisome and appalling failure of the mainstream national news media to ferret out the truth without spoonfeeding by investigative agencies.

Put another way, the individual ethical failures at DOD may have been, in part, a by-product of the national press's abandonment of its watchdog duties during the Reagan administration's massive military buildup. Even the stupidest banana republic dictator knows that opportunities for graft increase when vast amounts of public money change

hands at an escalating rate. The corruption impulse is further nourished when the spending is in support of high priority political goals and shrouded by secrecy. How did America's top journalistic sleuths so effectively ignore the obvious? Part of the explanation for their failure may be found by looking at just who is paying the rent for the free press.

Consider, for instance, the incestuous relationship that has evolved in recent years between the DOD, its contractors and those who deliver the daily news. In the near-monopoly of the daily newspaper industry (a handful of companies control as much as 90 percent of the nation's news product), the DOD has, through classified recruiting, become a prime advertiser.

Indeed, thanks in large measure to the DOD, the often-overlooked classifieds, which generate 36 percent of all income at daily newspapers—and nearly 41 percent at San Jose's daily—are now the single largest advertising medium in the country, with annual ad revenues that last year handily dwarfed both television and radio.

"Classifieds are the driving force in our business," says San Jose Mercury News Classified Advertising Manager Ron Beach.

In 1987, Beach's department added nearly \$83.5 million to his newspaper's advertising revenues of \$181 million. In recognition of the growing importance of the classifieds, the Mercury News' recent radio ad campaign ignored the Pulitzer Prize-winning journalists at San Jose's only daily paper and instead put the spotlight where it rightfully belongs: on Ron Beach.

"I keep hoping that one of my old girlfriends will hear the ads and get in touch," Beach jokes about the 60-second spots that prominently feature his views on advertising's most popular medium.

Beach's newly discovered stardom is illustrative of a nationwide trend in the newspaper business that is more pronounced in California than elsewhere. Dailies today rely more heavily on classified ad revenues than ever before. According to Beach and other industry sources, the new economy at the dailies results primarily from two factors: the steady loss of ROP (run of press) ads from retail and grocery stores because of competition with direct mailers, low cost, laser-printer generated flyers and specialized publications, as well as the failure of newsstand prices to keep pace with production costs.

"The loss of ROP ads has hurt our business terribly," Beach says, citing an annual 4 percent drop in that income category since the beginning of the decade. "Fortunately, the growth of classifieds have taken up the slack."

While all segments of classified advertising have posted phenomenal growth rates in recent years, one category does stand out as an overachiever: Expenditures on employee recruitment ads are up over 525 percent since 1975, with much of that increase coming from high-tech defense and aerospace firms that compete fiercely for a limited number of qualified engineering, marketing and computer professionals.

At the Los Angeles Times, employee recruitment ads placed by defense and aerospace firms accounted for almost 15 percent of the roughly \$201 million generated by its classified section last year, according to figures released by the newspaper. Similarly, employee recruitment advertising at the Orange County Register generated roughly \$22 million last year, with much of the booty coming from major defense contractors like McDonnell Douglas and the Lockheed Missiles and Space Company.

"We have ads running nearly all the time," says Dee Imazeki, advertising coordinator for Lockheed. While declining to reveal Lockheed's annual newspaper advertising budget, Imazeki says she often chooses to run very large recruitment ads "so they won't get lost."

Interestingly, Imazeki notes that the ads—which she says constitute the major expense in her budget—are not the most effective method of finding qualified employees at Lockheed. "We got over 30,000 resumes last year," Imazeki says, "but we find that our employee referral system, where employees refer their friends or classmates to us, actually works best."

Over at McDonnell Douglas, 22-year personnel department veteran Barry Waller agrees. "About 99.5 percent of the time," he says, "we get our employees from personal referrals, headhunters or by word of mouth. Many of these disciplines are so specific that you could advertise in every paper in the country and not get a single qualified applicant." He adds that "most of the resumes we get don't come close to meeting the requirements of the jobs we advertise."

Despite the fact that high-tech industry insiders like Imazeki and Waller admit the relative inefficiency of the ads, the Pentagon-funded newspaper serves at least one other purpose. "We try to convey a sense of our company," Imazeki says, citing the public relations benefit of frequent newspaper ads. "It helps build our company image."

"That's true," confirms Austin Knight Creative Director Joe Rigo, whose London-based recruitment advertising company recently opened a California office in hopes of mining commissions on the high-