

## A HERITAGE OF EXCELLENCE

### PUBLIC RELATIONS AT AT&T

by: Mike Keady  
Rich Dunshee

While it is generally known that AT&T formally instituted a public relations department in the early part of this century — at a time when other large corporations' attitude toward the public was that they could "be damned" — AT&T's concern with public relations was in evidence fully two decades earlier. Theodore Vail, AT&T's founder, not only organized the financial and operational strength of the company, he also discerned the importance of public attitudes toward the firm. On December 28, 1883, Vail wrote the following to the heads of the local phone companies:

Now that the Telephone business has passed its experimental stage, I would like to get your opinion upon points given below:

- Is the Telephone service as it is now being furnished, satisfactory to the public? ...
- What has been the tendency of the relationship between the public and the local Co's., for the past year i.e., are the relations between the public and the Co's. improving?
- Where there has been any conflict between the local Exchange and the public, what has been the cause of the difficulties, and what has been the result?<sup>1</sup>

Twenty years later, when Vail had ended his first stint at the company, AT&T president Frederick P. Fish institutionalized this early awareness of the importance of public opinion

by engaging The Publicity Bureau of Boston in February of 1903. This firm, founded in 1900, is generally considered the nation's first public relations agency.

For the modern observer, it is instructive that competition caused the company both to engage PR counsel and to radically alter the way it communicated with the public. The Bell patents had expired and entrepreneurs across the nation were raising funds to build rival phone companies. Many of these rival promoters contended that the Bell System was exacting usuriously high rates, and these rivals gained funding and permission to build with promises of lower rates, higher returns to investors, and local management.

AT&T had operated with the secrecy common to most American business at the turn of the century, and this secrecy led to suspicion, which competitors so skillfully exploited. CEO Fish now decreed an end to this secrecy, in hopes that openness would diminish the onslaught of competition.

James Drummond Ellsworth, a partner at The Publicity Bureau and a former reporter at *The Boston Herald*, was assigned to the AT&T account. He modestly wrote of his challenge, "Certainly the situation could not be made worse by a venture in publicity and it might be made better."<sup>2</sup>

<sup>1</sup>Excerpted from Vail letter, reproduced in 1977 souvenir collection "Bell System Centennial"

<sup>2</sup> James Drummond Ellsworth, *The Twisting Trail*, unpublished memoir written in the 1930s, p. 58.

As Ellsworth "began to scatter seeds of real information through the press," he employed a familiar device to measure his effectiveness — counting and characterizing the press clips. At the beginning of this publicity campaign, ninety percent of the clips were antagonistic to the Bell Companies. Ellsworth wrote:

Every six months we would make a count of current comments, and I was encouraged as those which were antagonistic diminished to eighty percent, then to seventy, sixty percent and still lower. When the percentage of unfavorable items had dropped to less than twenty percent, it seemed that Mr. Fish's experiment was a demonstrated success. It would be too much to say that our telephone articles were as popular as those about the seven-masted schooner, but they got a good press nevertheless.<sup>3</sup>

After some months at headquarters in Boston, Ellsworth next became a one-man field force. Fish sent him first to Kansas City, where a rival company was rapidly taking away business. Ellsworth found that the president of the Bell company "was a former post office man who had been brought up in the old school, which meant that he had completely ignored the company's relations with the public. ... He felt himself so unpopular that he rarely showed himself; he avoided the public by leaving his office by the back door, and lunching at an obscure bakery."<sup>4</sup>

AT&T's contemporary emphasis on involvement in community affairs was perhaps born of that trip. Fish supported Ellsworth and moved the Kansas City manager to Milwaukee, where "his regeneration was as complete as that of Scrooge in Dickens' Christmas Carol, and he

became one of Milwaukee's most popular citizens."<sup>5</sup>

That first trip west was followed by scores of others, and thus the first PR man at AT&T operated on the conviction that his place was not at headquarters in Boston but out in the field. Ellsworth later wrote, "For each of the next few years I travelled thirty or forty-thousand miles, visited practically every telephone headquarters in the country, frequently making protracted stays where serious trouble had developed."<sup>6</sup>

Returning from a trip west in 1907, Ellsworth found that Fish had returned to his law practice, being succeeded by Theodore Vail, who had discontinued the relationship with Ellsworth's employer, The Publicity Bureau. Ellsworth's friends in the company wanted to hire him into AT&T, but Vail "hesitated because someone raised the point that no newspaper man knew anything about business."<sup>7</sup> After some weeks of machinations, Vail was at last convinced, and James Drummond Ellsworth was officially hired by AT&T to be its first internal public relations manager.

While Fish had emphasized newspaper publicity, Vail wanted to state the company's case in paid advertising. AT&T engaged the N. W. Ayer agency, beginning a relationship which endures until this day. In furtherance of Vail's new public relations direction, Ayer began preparing advertisements for national publications that would explain the mission and structure of AT&T, a task that Ellsworth learned "had the office in an uproar and the whole copy department sweat blood, so to

<sup>3</sup> Ellsworth, p. 59

<sup>4</sup> Ellsworth, p. 59

<sup>5</sup> Ellsworth, p. 60

<sup>6</sup> Ellsworth, p. 61

<sup>7</sup> Ellsworth, p. 63

speak, before they got something that seemed satisfactory."<sup>8</sup>

One of these early ads appeared in the fall of 1908. Headed One Policy, One System, Universal Service, it set forth a platform which endured for decades: the financial and operational advantages of AT&T coordination of the operating phone companies; the operation of long distance lines, "which connect the systems of the associated companies into a unified and harmonious whole."<sup>9</sup>

Ellsworth later explained his philosophy regarding this advertising campaign: "From the first our purpose was to educate the public by telling the facts about the Bell System. I, at any rate, believed that the public opposition came chiefly from a lack of knowledge. ... Hence the fundamental policy was to give information as to our purposes, problems and progress." Asked why the company advertised, Ellsworth replied, "Anyone who came into the Company, and saw it at a close range, became a supporter and friend. As it was impractical to take the great public into the Company, we tried to take the Company to the public, hoping for similar results."<sup>10</sup> Thus, out of the need to fight a flood of competitors was born AT&T's fundamental public relations philosophy of openness to the press and belief that the facts would be fairly judged by a reasonable public.

During that first year of his employment at AT&T, Ellsworth had a conversation with Vail that resounds with familiarity to contemporary PR teams struggling with client relations. Ellsworth wrote to Vail:

'I like my job. I like my pay. I like my little room, but I should be better satisfied if

the other men around me gave me better cooperation.'

Quick as a flash he came back, 'That is something I can't give you and it is something you will never get.' Looking backward it seems to me that those words gave me a practical start in the Bell System. Many and many a time I found that my greatest trouble was not from the people I was working on but from those I was working for.<sup>11</sup>

If that situation seems familiar, the PR budget process of 1908 seems like a vanished Shangri-La. Ellsworth explained, "At the end of the first year of magazine advertising, I wrote a brief note telling Mr. Vail that with twice the money we could progress twice as fast, and my note came back, 'Approved. T.N.V.'"<sup>12</sup>

In 1910, AT&T moved its chief offices from Boston to New York, and Ellsworth was officially made head of the Information Department, which title rather than Public Relations Department was used for many years. The advertising campaign had proved so successful that Ellsworth was called upon to train people at the operating companies so local ads could be prepared and placed, thus initiating a long tradition of AT&T headquarters providing direction, guidance, and training for PR people throughout the Bell System.

In addition to widening the scope of the advertising effort, Ellsworth also saw to it that AT&T was an early user of the new medium of film. He recalled the first effort to move from lantern slide lectures to motion pictures: "After much anguish a film called *Spinners of Speech* was released on the Pathé' circuit. That was the beginning of a long series of motion pictures,

<sup>8</sup>Ellsworth, p. 66

<sup>9</sup>Reprint of 1908 advertisement, reproduced in 1977 souvenir collection, *Bell System Centennial*

<sup>10</sup>Ellsworth, p. 68

<sup>11</sup>Ellsworth, p. 67-68

<sup>12</sup>Ellsworth, p. 68

speak, before they got something that seemed satisfactory."<sup>8</sup>

One of these early ads appeared in the fall of 1908. Headed One Policy, One System, Universal Service, it set forth a platform which endured for decades: the financial and operational advantages of AT&T coordination of the operating phone companies; the operation of long distance lines, "which connect the systems of the associated companies into a unified and harmonious whole."<sup>9</sup>

Ellsworth later explained his philosophy regarding this advertising campaign: "From the first our purpose was to educate the public by telling the facts about the Bell System. I, at any rate, believed that the public opposition came chiefly from a lack of knowledge. ... Hence the fundamental policy was to give information as to our purposes, problems and progress." Asked why the company advertised, Ellsworth replied, "Anyone who came into the Company, and saw it at a close range, became a supporter and friend. As it was impractical to take the great public into the Company, we tried to take the Company to the public, hoping for similar results."<sup>10</sup> Thus, out of the need to fight a flood of competitors was born AT&T's fundamental public relations philosophy of openness to the press and belief that the facts would be fairly judged by a reasonable public.

During that first year of his employment at AT&T, Ellsworth had a conversation with Vail that resounds with familiarity to contemporary PR teams struggling with client relations. Ellsworth wrote to Vail:

'I like my job. I like my pay. I like my little room, but I should be better satisfied if

the other men around me gave me better cooperation.'

Quick as a flash he came back, 'That is something I can't give you and it is something you will never get.' Looking backward it seems to me that those words gave me a practical start in the Bell System. Many and many a time I found that my greatest trouble was not from the people I was working on but from those I was working for."<sup>11</sup>

If that situation seems familiar, the PR budget process of 1908 seems like a vanished Shangri-La. Ellsworth explained, "At the end of the first year of magazine advertising, I wrote a brief note telling Mr. Vail that with twice the money we could progress twice as fast, and my note came back, 'Approved. T.N.V.'"<sup>12</sup>

In 1910, AT&T moved its chief offices from Boston to New York, and Ellsworth was officially made head of the Information Department, which title rather than Public Relations Department was used for many years. The advertising campaign had proved so successful that Ellsworth was called upon to train people at the operating companies so local ads could be prepared and placed, thus initiating a long tradition of AT&T headquarters providing direction, guidance, and training for PR people throughout the Bell System.

In addition to widening the scope of the advertising effort, Ellsworth also saw to it that AT&T was an early user of the new medium of film. He recalled the first effort to move from lantern slide lectures to motion pictures: "After much anguish a film called *Spinners of Speech* was released on the Pathé' circuit. That was the beginning of a long series of motion pictures,

<sup>8</sup>Ellsworth, p. 66

<sup>9</sup>Reprint of 1908 advertisement, reproduced in 1977 souvenir collection, *Bell System Centennial*

<sup>10</sup>Ellsworth, p. 68

<sup>11</sup>Ellsworth, p. 67-68

<sup>12</sup>Ellsworth, p. 68

silent and sound, which have since been shown to millions of people."<sup>13</sup>

Within a few years, Ellsworth was called upon to pioneer the field of "event" public relations when the first transcontinental line was inaugurated in 1915. Alexander Graham Bell spoke from New York to Dr. Thomas Watson in San Francisco. Ellsworth recalled, "Back of the scenes I had engaged extra writers to prepare answers to all possible questions, technical, geographic and historical. Illustrations were prepared and photographers told to be on hand. A special network of telegraph circuits was set up to carry the news to every part of the country."<sup>14</sup> No contemporary press conference ever received more forethought.

By the close of World War I, Ellsworth had so won the trust of the executives of AT&T that he was playing the role in shaping the governance of the corporation, which has ever since been a province of AT&T PR leaders. After observing how other corporations functioned, he suggested to Vail that he required more vice presidents to divide increasing responsibilities. Soon after, Vail created the office of Chairman for himself, named Gordon Thayer President, and increased the number of vice presidents.<sup>15</sup>

Over the next few years, Ellsworth was associated with publicity efforts for a series of AT&T endeavors: the experimental radio broadcast station WEAF in New York (he contemptuously opined, "We had to go into the show business."); the first use of trans-Atlantic radiotelephony; sending news photos by wire; and early experiments in television broadcasting ("It seemed as if the American Company was determined to keep me amused," Ellsworth later

wrote. "I have often thought that instead of being paid for working for the American Company, I should have paid the Company for the privilege.")<sup>16</sup>

Over and above all his external publicity efforts, Ellsworth continued to be intimately involved with the running of the business. For instance, he recounts in his memoirs how he convinced Vail over time that an employee pension plan would improve morale in the company.

By 1927, Vail had died and his place was taken by Walter Gifford. Ellsworth had been 45 when he joined the company after his Publicity Bureau duties, and a mandatory retirement program was now in place, so it was clear to Gifford that he would leave soon. Ellsworth recalled that Gifford "decided to establish my successor while I was still on the job, rather than risk a period of experiment along public relations lines. After considerable inquiry it was found that Arthur W. Page had left the editorship of *The World's Work* and was in a receptive state of mind, so he was put in charge of public relations and took over my department. Concurrently I was made Assistant to the President."<sup>17</sup>

Ellsworth retired from AT&T in 1930, and his reputation has been largely overshadowed by his brilliant successor, Arthur Page. Yet, one senses that a good deal of Page's repute rests on the fact that he wrote about and codified much that had been developed by seat-of-the-pants experiments during Ellsworth's time. In reading Ellsworth's memoir, one senses a decent, life-affirming, self-effacing, common-sense man with a deep belief in the intelligence of the public. He worked by instinct and was not given to deep philosophizing about what he did.

---

<sup>13</sup>Ellsworth, p. 71

<sup>14</sup>Ellsworth, p. 72

<sup>15</sup>Ellsworth, p. 77

<sup>16</sup>Ellsworth, pp. 83-84

<sup>17</sup>Ellsworth, p. 86

One is reminded of Prof. Bell tinkering with wires in pursuit of a device to aid the deaf and stumbling upon the telephone. If Ellsworth was the inventor/entrepreneur of AT&T public relations, then Page was the manager needed for the next phase of the business, one who could take Ellsworth's experiments and refine them into a theory and practice of public relations.

That Gifford intended Ellsworth to supervise a transition with Page would lead one to assume that the former told the new PR officer of his conviction that internal dealings were more problematical than relations with those outside the business. Whatever the case, Page began his career in 1927 by visiting a host of operating department conferences to preach his vision of public relations at AT&T. In doing so, he aimed to learn as much as he could the business knowing this his effectiveness, success, and credibility as a public relations counsellor would hinge on that knowledge.

Only five months after taking office in January of 1927, Page spoke to the PR troops at the April "Publicity Conference." He painted for them a picture of his vision of AT&T as a company serving the public and concluded, "That is the main thing that I had in mind and the specific method of getting at presenting it is very small compared to the size of the picture."<sup>18</sup> For Page getting the vision right was always more important than specific PR tools.

The next month, Page went before the General Operating Conference, and in effect, told the leaders of the business units what PR could do for them. He set out to circumscribe their expectations, contrasting PR to the report of the successes at Western Electric: "Our operation is an effort to make a small dent in the

raw material of the public consciousness, and we have no machine for doing that automatically, perfectly, certainly or rapidly."<sup>19</sup>

In that speech, Page set forth the functions and objectives of the department. First, was "contact with the press for the purpose of giving it news stories, advertising, moving pictures." In these endeavors, Page advised, "The only way you can be sure of making a reasonable dent in the public consciousness is to have what you say so simple that it is easy to understand, and then say it over and over again."<sup>20</sup>

About the second role of the department, Page said, "The other side of the job, and perhaps both more intangible and more important, is to take to the Bell System the facts which the public wants it to get." In saying this, Page defined PR's role of knowing stakeholder views and bringing them into the business. This advice to the top management of the firm should be based not on instinct, but on research into public attitudes. "We ought to keep ahead of the game and see what is coming in the public mind sufficiently to have a plan ready on whatever is coming up."<sup>21</sup>

In the question session after this speech, Page explained,

I think there are probably not over half a million people who decide what the United States does, prime movers, so to speak, in thinking. ... There is a very distinct differentiation between the problem of reaching those people who control opinion and trying to explain something a little more in detail to them, and the problem of

<sup>18</sup>Arthur Page, *What Publicity and Advertising Can Do to Help Operations*, remarks at General Operating Conference, May, 1927, p. 1

<sup>20</sup>Page, May 1927, p. 2

<sup>21</sup>Page, May 1927, pp. 3-4

reaching the great mass with a few simple fundamental things.<sup>22</sup>

In this first speech to an operating audience, Page had already crystallized his ideas on the limited power of the PR department, the importance of advising the leadership of the business, the necessity of good research, and the distinction between messages to influentials and the general public. For the next twenty years, he expanded upon these ideas, and indeed they still form much of the basis for our actions in today's AT&T PR department.

The next month, Page appeared before the General Commercial Conference and warned the audience that the Bell System's good reputation required continuing care. "Good public relations, like liberty, are only the result of constant vigilance," he said.<sup>23</sup> He cited the examples of the insurance and railroad industries as instances of the disasters that can strike a business that gets too out of touch with public opinion. "Because a business is big and successful and seemingly in good standing, is no reason to relax on the constant analysis of its relations to the public,"<sup>24</sup> he proclaimed, in words that might have been recalled in the early 1970s, when the Bell System's fight against competition led to Divestiture.

Page constantly stressed in his speeches within the company that public relations was not the responsibility of the public relations department. Rather, he saw it as every employee's responsibility, since the company's words would only be credible to the degree they matched the public's experiences with company employees.

In the fall of 1927, these ideas found their way into a landmark speech by AT&T president Walter Gifford before the convention of the National Association of Regulatory and Utility Commissioners (NARUC) in Dallas. Acknowledging that most of the nation's telephone service depended on the Bell System, Gifford said, "This responsibility imposes an unusual obligation to the public to see to it that the service shall at all times be adequate, dependable and satisfactory to the user. The only sound policy is to furnish the best possible service at the lowest cost consistent with financial safety."<sup>25</sup> In subsequent speeches to the operating departments, Page often referred to the "Dallas Speech." As in so many later instances, AT&T policy was set forth in remarks by the president before a key forum.

Page later remarked that the public had been convinced under Vail that the telephone system ought to be a monopoly, but there was still a general suspicion of monopolies. He continued, "The public objections to monopoly are based upon two simple beliefs: that monopolies are formed to take too much profit, and to do too little work."<sup>26</sup> He believed that Gifford's "Dallas Speech" had addressed this first belief, but the second attitude needed to be addressed.

Page's solution to suspicions of lazy monopoly was advice that the Bell companies should sell like a competitive company. "If we are going to show that our monopoly is different," Page said, "I think we must push our wares exactly as if we had competition, for it is a characteristic of a monopoly to give people what it thinks they ought to have, or what it is convenient to give them, and it is characteristic

<sup>22</sup>Page, May 1927, pp. 4-5

<sup>23</sup>Arthur Page remarks, General Commercial Conference, June, 1927, p. 2

<sup>24</sup>Page, June 1927, p. 2

<sup>25</sup>Quoted in *How AT&T Public Relations Policies Developed* by George Griswold, Jr., *Public Relations Quarterly*, Fall, 1967, p. 12

<sup>26</sup>Arthur Page, *Public Relations and Sales*, remarks to General Commercial Conference, June, 1928, p. 1

of other businesses to give the public what it wants."<sup>27</sup>

Page went on in this speech to explain exactly how he proposed to make the company more sales oriented. He advocated two thrusts, one to push toll service, for which a campaign was already under way, and a new advertising campaign to communicate the convenience in the home of more phone extensions. He showed the commercial managers advertising for this new campaign which stressed the convenience and privacy of having more than one phone in the home. As AT&T contemplates its *anytime, anywhere* mission, this sort of advertising seems startlingly naive. However, it continued until the 1950s, when Bell System television commercials were still telling viewers of revolutionary concepts like calling ahead to tell friends you are coming for a visit.

For all of Page's brilliant theories, the practice did not bring assured success. In a speech in 1930, he lamented that the public was remained unconvinced that the Bell System was not a greedy monopoly. "As to our being robbers and thieves," he said, "that is because the public assumes that we have the same acquisitive, grasping and greedy attitude that they assume other big corporations have. Neither the explanation of our policy in Mr. Gifford's address at Dallas, nor our discussion in rate cases, nor any other arguments that we have made have given the public as good an opinion of us as it seems to me facts justify."<sup>28</sup>

In reading Page's speeches over the course of the twenty years that he served as AT&T's public relations leader, their most striking characteristic is consistency. In the 1940s, Page was saying many of the same

<sup>27</sup>Page, June 1928, p. 2

<sup>28</sup>Arthur Page, *Public Relations*, remarks at General Operating Conference, May, 1930, p. 1

things he had first articulated in the 1920s, with the difference that his audience was now often groups outside AT&T, as he had come to be seen as one of the founders of corporate public relations in America. In a 1942 speech to the Institute of Life Insurance, Page reminisced,

It seemed to me then, as it does now, that *all business in a democratic country begins with public permission and exists by public approval*. If that be true, it follows that business should be cheerfully willing to tell the public what its policies are, what it is doing, and what it hopes to do. This seems practically a duty.<sup>29</sup> (emphasis added)

Page went on to sound another familiar theme: "Public relations is not publicity only, not management only; it is what everybody in the business from top to bottom says and does when in contact with the public."<sup>30</sup>

When Page at last retired in 1947, there ended the period of forty-four years of leadership of AT&T public relations by only two men, from Ellsworth's assignment to the AT&T account in 1903 through his successor Page's twenty years of stewardship. Indeed, the line can easily be drawn back to Vail's original concern with public attitudes sixty-four years earlier. This stability of leadership and unity of vision is perhaps unique in American corporations and certainly goes far toward explaining why AT&T and the Bell System steered such a steady course over the decades and won such recognition as originators and masters of the new field of public relations.

That this tradition was not lightly tossed aside is demonstrated in a speech by Page's successor, Keith S. McHugh. In a 1947 speech McHugh sounded familiar themes in explaining

<sup>29</sup>Arthur Page, *Some Remarks on Public Relations*, speech to The Institute of Life Insurance, Fourth Annual Meeting, New York, NY, December 2, 1942, p. 3

<sup>30</sup>Page, December 1942, p. 11

PR at AT&T and the operating companies to an outside audience:

These departments as they are now constituted represent an evolution of about 20 years. They are not identical as between companies, nor is there any effort to make them so. Most of them, however, have certain features in common and all are functioning on the same principles.

The most important common characteristic is that *the department head is an officer of the company and reports directly to the president*. The conception behind his job is that he has the dual responsibility of representing the public's views to the company and of taking a leading part in determining how the company shall represent itself to the public — how it shall represent itself, that is, both through what it does and what it says.<sup>31</sup> (emphasis added)

As AT&T entered the 1950s, the major public relations challenges stemmed from the company's technological advances. When dial service was introduced, it led to a problem with anonymous and obscene calls. Until that time, the necessity to go through an operator had largely prevented this sort of behavior. AT&T's PR response harked back to traditional principles:

Telephone companies were aware of the problem and wanted the public to know that they were concerned — and that they were trying to do something to prevent this harassment. The idea behind telling the public was identical to that advocated by Vail and Page — the idea of thoroughly and honestly presenting the facts.

Newspaper advertising campaigns, bill enclosure messages, prepared talks, and many other public relations techniques, were used to tell the public of the companies' concern, and to educate the public as to what procedures to follow when they received such calls.<sup>32</sup>

In the 1960s, the introduction of all-number dialing surprised AT&T managers when the public reacted with an unforeseen emotional backlash. A PR manager of the time recalled, "Customers resented losing exchanges with historical names or ones indicating geographical identification, especially when they didn't understand the reasons for losing them. It called for an immediate and forceful educational advertising and public relations program, presenting the reasons for changes. As a result, most customers seemed to understand the need once the story was told simply and frankly, with no attempt to sugar-coat it, gloss over it, or ignore it."<sup>33</sup>

By the late 60s, AT&T was caught up in the social upheaval that was rocking the country. In a 1968 speech, Al von Auw, the company's most esteemed public relations counsellor at the time and later Assistant to the Chairman, summarized the company's response:

The doctrines of Vail and Gifford and Page are substantially those which guide our business to this day. If there is a new dimension to our public relations philosophy, it is the recognition that the 'public interest' that Vail saw as our responsibility to meet implies more than quality service at fair rates but calls as well for a practical response to the social needs of the communities we serve, a response that goes well beyond the conventional concept of good corporate citizenship and requires a commitment to do what we can

<sup>31</sup>Keith S. McHugh, *Certain Aspects of Organizing For Public Relations Work*, remarks to The Institute of Life Insurance, December 19, 1947

<sup>32</sup>Griswold, *Public Relations Quarterly*, Fall 1967, p. 16

<sup>33</sup>Griswold, p. 16

to help resolve the really deep-seated and fundamental problems of our times.<sup>34</sup>

The program at Illinois Bell (IBT) in the late 60s illustrates this new dimension in AT&T public relations. As one part of the program, the company sponsored a television series on Chicago-area problems and accomplishments. Wrote IBT's PR vice president, "These *I See Chicago* programs have covered a wide range of subjects: the Negro influx from the south; Chicago's new architecture; the school drop-out problem; the space race; dope addiction; senior citizens in society; the school crisis; the religious revolution."<sup>35</sup>

Illinois Bell's president, James W. Cook, also became the head of Chicago's Leadership Council for Metropolitan Open Communities, a controversial open-housing group. This led to some new thoughts on public relations from IBT's PR vice president:

When it comes to controversy, we in business have been experts in how to stay out. Any corporate public relations man can cite you chapter and verse on the dangers of getting into the middle. But there's another view — the advantages of controversial involvement.

Consider these thoughts:

- You can win the respect of the intellectual leaders in your community, who may believe that all business involvement is token, defensive and ineffectual;
- You can also earn the gratitude of community political leaders, who need problem solving help from the politically-neutral sector;

<sup>34</sup>Alvin von Auw, *Public Relations in the Bell System*, remarks to the Industrial College of the Armed Forces, New York, NY, November 21, 1968, p. 3

<sup>35</sup>Hale Nelson, *Involvement in Community Problems*, Public Opinion Quarterly, Fall, 1967, p. 28

- You can build the esprit de corps of your management and employee groups. They like to be involved with a company that's involved;
- You may learn that you overrated the risks of controversial involvement.<sup>36</sup>

In late 1968, Al von Auw spoke of a new advertising program at AT&T:

what we call our Strength/Vitality program. (Some irreverent souls describe it as our Geritol program.) This program is based on the premise that the factors on which the public appraises the vitality of an organization are the same. ... These factors are (1) a demonstrated capacity for innovation — or the lack of it, (2) responsiveness (or the lack of it) to society's needs, (3) evidence that the organization knows where it is going — or that it doesn't — in short, a capacity for self-renewal.<sup>37</sup>

While von Auw confidently predicted that this would be a two-year campaign — a campaign that is reassuringly close to our work in support of the AT&T brand today— only one ad appeared in the summer of 1968. The series was halted when a sudden deterioration of service in a number of U.S. cities put the lie to the bright words of the ad copy. Although service remained good in most of the country, New York was severely affected, and the New York media played up the problem for weeks. *Business Week* described the situation as "a disaster,"<sup>38</sup> and television comedians began to do jokes about the company's service.

Soon the financial stability and modern relevance of AT&T were under attack. In

<sup>36</sup>Hale, p. 31

<sup>37</sup>von Auw, remarks to Industrial College of the Armed Forces, November 21, 1968, p. 6

<sup>38</sup>"Why You Hear a Busy Signal at AT&T," *Business Week*, December 27, 1969, p. 40

response, PR people put out messages about the unpredicted growth in demand that had outstripped plant capacity. By the early 70s, the problem was under control, but seeds of doubt about the strength of AT&T had been sown in the public's mind. Heretofore, whether they liked the idea of the AT&T monopoly or not, at least it had seemed to function smoothly. Now, the monopoly seemed not only unlikable, but also perhaps unworkable.

As AT&T entered the 1970s, the social upheaval that created new community problems and new public relations responses began to touch upon the very core of the company itself. The U.S. Department of Justice filed its anti-trust suit in 1974, and as the decade advanced the public turned a favorable eye on competition from new equipment vendors and the corporate ancestors of today's hundreds of long-distance providers. Vail's success in convincing the public of the benefits of the Bell System monopoly was coming undone.

In his book *Heritage & Destiny*, Al von Auw recounts the internal debates about how to respond to this new threat of competition:

How to respond? On this point, the Bell System's leaders were far from being of one mind — not surprising in view of the unprecedented character of the questions they faced.

Some felt that the challenge ought to be met directly and competition opposed on policy grounds. Competition, they believed — and said — risked undermining the very principles under which the business had grown great ... Some of them remembered — and quoted — Vail's answer to the challenge of competition in his day: 'We have organized and introduced the business and do not propose to have it taken from us.'

On the other hand, there were those who felt that to oppose competition was to risk creating the impression that the business was unready or unable to meet it. Moreover, they pointed out, competition is the most cherished tenet of the American way of economic life — and rightly so.<sup>39</sup>

The former camp won out, and in 1973, AT&T Chairman John deButts spoke to the NARUC convention of AT&T's "unusual obligation" to oppose the further extension of competition.<sup>40</sup> In 1976, AT&T joined the independent phone companies in futile support of the *Consumer Communications Reform Act*, Congressional legislation that would have blocked the introduction of further competition. While much public relations cleverness and sweat was expended in supporting this effort, the infinite wisdom of hindsight teaches that these efforts were doomed, because the company had overlooked the wisdom of Ellsworth and Page, the simple dictum that the company must conform itself to the public's wishes. The public wanted competition in telecommunications and all the advertising, speeches, and news releases in the world could not be effective in the face of that conviction.

The events of the 1980s brought with them an enormous array of new challenges for public relations. Communicating the facts around divestiture, starting in 1982, required the Bell System to speak as one, but the reality and challenge was that the Bell System had never been in greater disharmony. In the 23 months 3 weeks between the time divestiture was announced and when it happened on *one-one-eighty-four* (the internal mantra of the day) the Baby Bells, still in their mother's womb, were scratching to get out. It was a tense and

<sup>39</sup> Alvin von Auw, *Heritage & Destiny*, New York, Praeger Publishers, 1983, pp. 8-9

<sup>40</sup> John D. deButts, *An Unusual Obligation*, remarks to NARUC Convention, Seattle, Washington, September 20, 1973

disparate time. Despite this, the public relations apparatus of the rapidly fading Bell System, disciplined by its sense of public obligation and professionalism, stayed intact to help calm the waters churned by the divestiture forces and to ensure the public got the information it needed in a calm, responsible and deliberate way.

After divestiture itself, public relations faced another challenge as it found itself in much the same predicament as its AT&T client, which admitted it had spent too much time focusing on the Regional Bell Companies' (RBOCs) future and not enough time on its own. Faced with the necessity of supporting new nationally deployed sales organizations and the uncomfortable awareness that not all that many people had a view of the AT&T brand itself (since AT&T's local face had always been the local telephone company) public relations responded with actions that resulted in two loosely aligned field organizations sprawled across the U.S. One served the needs of the AT&T Information Systems units, which dealt with AT&T products, another served the needs of the AT&T Communications groups, offering long distance services. The AT&T Communications field organization also met what then were then only vaguely defined "corporate" requirements which generally centered on creating brand awareness. AT&T found itself with public relations resources in more than 50 U.S. markets. von Auw probably didn't realize how prescient he was in his observations leading up to this time:

"At any event, the decisions of January 8, 1982 (when divestiture was announced) confronted the management of AT&T with a task more critical than the excruciatingly complex financial and operational rearrangements it had committed itself to make. They faced what is the essential task of leadership – that is, to establish goals worth striving for. It was for them to define anew the limits and scope of the

company's business, to endow it with a sense of mission sufficiently compelling to take the place of the sustaining vision – Bell's *grand system* and Vail's *universal service* – that gave purpose and direction to the Bell System's performance through nearly all its history. That vision, now that it had to all intents and purposes been fulfilled, had lost its cogency and force. To be renewed not only in form but in spirit, the Bell System would need more than new organization charts. It would need a new idea of itself."<sup>41</sup>

It perhaps wasn't until the late 80s when AT&T found von Auw's "new idea of itself." In was in 1988 when AT&T Chairman Bob Allen launched his redirection initiatives that produced today's semi-autonomous business units, and public relations, holding constant with the proven principles of its own history, also re-invented itself.

Today public relations at AT&T comprises some 25 client-focused public relations teams adding up to nearly 800 public relations and support professionals. Each of these teams has a dual accountability: first to support and enhance AT&T's brand and reputation and, second, to meet the specific requirements of its particular client. Each team integrates an array of public relations functions required to meet those requirements. The largest of these teams is the 250-member Global Corporate Public Relations team dedicated to meeting the requirements of the company's Management Executive Committee (MEC). Aligned with these teams is an internationally deployed field public relations organization located in about 15 U.S. markets and in 24 locations outside the U.S. serving 30 markets.

Knitting this together is Senior Vice President Marilyn Laurie and the Public Relations Quality Council operating at the head

<sup>41</sup>Ibid, p. 4

of the Public Relations Community. Working as a Community, public relations at AT&T:

- Sustains its heritage of functional excellence;
- Builds on the precepts presented by Total Quality Management
- Is able to marshall any or all Community members on a few long-term goals;
- Defines and maintains a strategic consistent brand image; and
- Offers its members access to a rich array of career opportunities across the entire business.

Despite the change and challenge that characterizes the global markets that AT&T operates in today and the wrenching done by AT&T to meet the demands of those markets and customers, public relations remains dedicated to the principles established by Ellsworth and Page. Those principles call for a public relations organization dedicated to being at the heart of the business, adhering to the highest standards of integrity and committed to the highest levels of functional excellence.

It would be a fascinating vignette if we could see the ghosts of Ellsworth or Page wandering the halls at Basking Ridge, or 32 Avenue of the Americas, or Consumer Products in Parsippany, NCR in Dayton, or our field organizations in Atlanta or Brussels. It's certain they wouldn't recognize the faces or approve of "dress-down" days. Nor is it likely they would recognize PCs, AT&T Mail, enhanced fax, video and audio conferences, video news releases, or many of the other tools commonly used by public relations at AT&T today. They undoubtedly would be skeptical of AT&T's *anytime, anywhere* mission. But despite the passage of years and executive leadership, and while they might not recognize our people, our

tools or our mission, we believe they would still recognize their principles.

Those principles and the ideas behind them are our heritage. And we also believe they are our future.

# # #

1918  
1945  
1993