

PUBLIC RELATIONS TODAY
AND THE OUTLOOK FOR THE FUTURE

Arthur W. Page
Vice President
American Telephone and Telegraph Company

A little while ago I broke a custom and told tales out of school. That is, I made a speech about public relations outside the business.* Having talked to these people outside, I thought I had better come inside again and explain what I was driving at.

I said that anybody who does business with the public is in a public business and subject to regulation by the public in many ways. That is much more real than we usually think it is. There is a great variety of laws, from those to do with incorporation or partnerships, to fair trade practices and blue sky legislation. Business is also regulated by various forms of public supervision, such as the Bell System has from the commissions; by the public's giving or withholding patronage; and by praise or blame from political leaders, radio commentators and the press. The public lays down the rules for its service, partially in laws and partially in public opinion, which at any time may be made into law. In other words, one of the reasons why we watch so carefully the trends of public opinion is that the direction it goes may at any time turn into a law.

The task which business has and which it always has had, of fitting itself to the pattern of public desires has lately come to be called public relations. Of course that is just a name. The fact always existed. The first blacksmith had to consider his public relations just as we do.

Now what I suggested to these other people was that the first thing in the program was to have the management of the business write out a statement of policy so as to clarify their own thinking. This is equivalent to saying, "We should like to serve you and we offer the following contract which we think would be fair to all concerned and mutually profitable." Mr. Gifford made that

*Seventh International Management Congress,
Washington, D. C., September 20, 1938.

statement at Dallas eleven years ago or so, and that has been amazingly effective in helping to clarify the thinking of Bell System management in the years since then.

No one can write out such a document of policy without thinking over the company's responsibilities to the public as an employer, as a taxpayer, perhaps as a trustee of the public's investment, and so forth. It might occur also that a document of this kind, when literally applied to the business, might not fit in all particulars. This immediately brings up the question whether the business or the policy is wrong and which should be changed. In other words, this writing out of a policy is a device for making the management take the time to study seriously and carefully the relation between the public and business.

Now those are general terms, but let me give you an example or two of the kind of things that happen. For instance, there is a whole subject of Western Electric prices. If you have a system in which one company like the New York Company, owned by the American Company, buys from another company like Western Electric, also owned by the American Company, you have got to seriously consider all the problems that arise from that relationship. You must know why it is an advantage to the public and on what basis it should be conducted. If it hadn't had such contemplation, I feel perfectly sure that the public, through telephone rate cases, would before now have found flaws in the relationship; and when you come to such a thing as the FCC investigation, they would have had something very vital to discuss.

There are other such things. One was brought to my mind this afternoon. The Wall Street Journal called up and asked about the government lending some money to the International Tel. and Tel., and whether that wasn't the first time the government had helped the telephone business with money. I explained to him that I didn't know about that, but it was not really affecting the telephone business in this country in any way, but was part of Secretary Hull's plan to push American trade in foreign countries. Now the reason that the Bell System does not still own foreign properties is that someone foresaw that, if we should have such a situation, we would immediately have had the question raised by some ratepayer as to whether or not his money had gone into unprofitable or hazardous enterprises abroad.

In other words, the management must take a long view of public relations, looking forward to see all possible kinds of complications that may arise following any step in the conduct of the business.

Let us take still another subject. When the talking moving pictures were invented it caused us some disturbance from time to time in the Laboratories. We had two or three choices. We could take the invention and throw it in the river. That would leave us without this complication in the telephone business, but about now I think we would be down before the committee looking into the suppression of patents; so we would have been wrong. In most enterprises where they invent things for the purpose of making money, they get their hands on the invention as tight as they can, move into the business affected, take a large slice of it, and either make great profits or great losses. There is no question in my mind that, had we done that with the motion picture business, we would have been wrong again. What we did do was something in between. We backed out as soon as we reasonably could, so we didn't get the movies mixed up with our telephone responsibilities. We have had some criticisms of this policy, but they have been very mild, because I think we managed it about as well as a difficult problem of that kind, on which we had no previous experience, could be managed. Maybe somebody else would have done it better. But what I want to point out is that we did not just let nature take its course - the matter was very carefully considered.

In stating these management problems, I may have spoken a little as if there were a clear line between management and the employee body. I don't believe that. I know that it is a common thing in the ordinary business phraseology to set them apart. You find that written all the time. But my observation of it in the telephone business is that there isn't any sharp line between them. Who is the management? Let me take an example. When the New England hurricane cut off everything in Mystic, Conn., except a few lines and one girl and one man, who was the management? Those two were running the business, and they did an extraordinarily good job. In the same way, practically everybody in the Bell System has a certain amount of management. Sometimes it is more and sometimes it is less, but everybody using his brains has a share in the management. And of course we ought not to have people in it who are not using their brains. Obviously those policy things that I discussed a moment ago fall into the hands of certain people. And there are other things that fall into the hands of other people. Most of the day-by-day relations of the business with the public are not conducted by what is ordinarily called management, but by the rest of the people - the receptionists,

repairmen, salesman, operators -- everybody in the System. These are the people who largely represent the business to the public. The company may have the best overall public policy in the world. It may have dodged the pitfalls, but just by dodging those we do not save ourselves, because the opinion that people have of us is much more dependent upon the day-by-day contact than it is on these larger single problems. They only arise to plague you from time to time, but the current opinion of the business depends upon the current operation of the business and on what happens to the public every day. It is always amazing to see how long the memory of the public is.

I got a letter the other day from a professor in a college upstate. "I want to say this," he wrote, "this business of treating each individual with consideration is fine, but when you don't it produces a very bad effect. To wit: When I was in Ohio --." And then he explained a service connection charge interview he had had three years before on which he was charged a dollar more than he thought he should have been charged, and because the man who discussed the case with him was not able to convince him that the company was reasonable, he harbored this thing in his mind for three years. I hope that they are not all as bad as that, but if he remembered three years and took the trouble to write us a letter it was to him quite impressive.

Now if we carry this one step further, it appears that to make any policy effective the contact employees must be reasonable and polite in applying it. In order to be reasonable a person must know the reasons for what he does. That sounds simple enough. But if a customer objects to something and is told that it is the rule of the company and nothing more than that, it seems pretty arbitrary. Employees can hardly be expected to explain the rules if they do not know the reasons for the rules. Generally speaking, I am pretty sure that public relations are improved in proportion as the employees in contact with the public know the reasons behind company policies and practices. Of course it is impossible for any one man to know all of them. But just as nearly as we can do it and still do our job, I am certain we increase the capacity to do what we are trying to do in proportion to our understanding of the business.

Likewise the process of getting an understanding of these policy matters is likely to develop a better personnel.

If a man understands why he is doing a job, is interested in what he is doing, understands the policy from which it arises, he is in a position to grow in the business. He has a better overall picture of responsibilities ahead of him. Along with this kind of reasonableness, and an integral part of it, is politeness. I mean by this, as near unfailing courtesy as human nature allows, plus a genuine desire to make the company a friendly and helpful institution.

Of course this means that the telephone people will have an understanding of what they are doing since no routine instructions can fit all cases. Employees who know what the objectives of the routines are can safely depart from them in exceptional cases to the great benefit of public relations. Without adequate knowledge they cannot make the company appear reasonable and it is more difficult for them to be polite and helpful. To have such knowledge spread down through the ranks of an organization means that, from top management to the forsmen, all must look upon the process as one vital to the success of the business. Now it takes time and money to inform contact employees of the reasons behind the routines. Besides that it takes a particular kind of people, and I don't think you could do all this if the people in the telephone business were not the kind they are.

Perfection of course is impossible in anything. Yet to a rather considerable degree, reasonableness and politeness are easily achieved, because these qualities are natural to most people, if not diminished by the pressure of routine. But if it is clear that politeness and reasonableness are also rated high by the management, they ought to come back to their proper place. Moreover, the employee himself has a better life if his contacts with the public are pleasant, and he is justified in having a better opinion of his job and a greater satisfaction in it if all who mention the enterprise of which he is a part - and an understanding part - speak well of it.

A business that recognizes a broad responsibility to the public and takes its employees into its confidence will probably maintain a fairly analytical state of mind at the top, for there will be many questions coming from the employees and the public through the employees. And these will be most useful straws to tell which way the wind of public opinion is likely to blow. That is at least as important as the other side of the business, because you can't just make up your mind what the policy ought to be. You won't know how to act unless you have a current and reasonable picture of what the public mind is.

The final set-up of the program then is an employee group from top to bottom, informed, reasonable, and polite; and procedures for informing the public. In other words, an organization made up of many people, which, whenever it touches the public, acts like a wise and considerate individual.

I think you will agree that the public is a whimsical master. It seems as if all of it never thinks alike at any one time and it never seems to think alike twice. And yet there are certain currents of thought that seem to be more or less constant.

Most people dislike arrogance and are afraid of too much power in others. They therefore fear size and monopoly, for big things are often powerful and monopoly is often arrogant. Moreover they suspect things they do not understand, and the consequence is that business is confronted by the public with a "show cause" order why it should be big. In order to justify its size it must be prepared to demonstrate that its size is in the public interest in service, economy, or some other way. It must be able to demonstrate that big size can be as reasonable and polite as little size. If business wants to be big, it must be able to show that its size is justified in public service. And this brings me back to the point where I began - that every business, big and little, should be able to explain the contract under which it expects to serve the public. So much for the general thesis.

What is our condition now? What is the state of our whimsical master, and what is its present whim? In the first place, there is an extraordinary amount of discussion of public relations. A good part of the public talks about it, which I don't think was true some years ago. In the October Fortune there is a full page editorial on the subject. There is another in the Electrical World. And in the daily papers you see it all the time.

Of course public relations cannot be measured so well as technical traffic is measured for instance, but there is a beginning of measurement which may help us a lot to know which way the whims of the public are going. Over at AT&T we have had help from Mr. Richardson in making some studies. There have been other studies by Doctor Gallup, and still others on other similar services.

The results of all these studies are interesting, and some indications of interesting character begin to appear as they affect the telephone business. They seem to be somewhat as follows: First, our service is universally held to

be good. That's based on the fact that it is good. But the degree to which the public knows this is greatly increased by the fact that we have been telling them about it. In other words, advertising in all its forms can increase knowledge of anything which the experience of the public convinces them is true. If our service were bad, and we said it was good, we would do more harm than good. But if our service is good, the more we point it out, the more it helps us. This leads to other conclusions which are true and knowledge of which will help us. We ought to be advertising them as we have the facts of good service.

The second thing is that the public has an idea that our charges are too high. That I think is based on a misconception. They don't know the cost of it, or what it takes to render the service. A very interesting experiment was conducted by the Pennsylvania Company in which it asked people for their opinions about rates before going into an Open House, and afterwards. Nobody in the Open House argued with the people. They merely took a sample of the group before they went in and asked certain questions about the cost. Then they took a sample of the group after they got out and asked them the same questions. The groups were large enough so that the results are reasonably right statistically. Now what happened was that when the people saw what it takes to handle calls, what the people engaged in it have to do, the amount of machinery involved and the complexity of it, they very largely changed their opinion. They said, "You do not charge too much. We do not know how you do it at all." In other words, we have in the Open House a device for meeting one criticism, a device which we wouldn't know was as effective as it is if we didn't have these measurements.

The third thing that these studies show is that the more people know about us, the better they like us.

The fourth thing is that the higher income group knows more than the lower income group. The higher income group knows by the service we give them, through our advertising, through bill inserts. Many of them are stockholders. By the lower income group I mean those below the level of subscribers to telephone service, and below the level of the people who work in the company. Now as a matter of fact they are affected by us very little and because they know little about us, they would be affected by any sudden statement that might be made. For that reason it seems that we should be particularly careful to know the group in that category. That is a problem to which we haven't a complete

answer. But it is the kind of problem that by these studies you realize for the first time exists.

The studies showed also that we suffered in our public relations during the depression the same as everyone else. A good opinion of everything goes down as public comfort goes down. I think this cycle is past. I hope it is. I think, generally speaking, the country is better off than it was. But it is fair to point out that a cycle is usually not a circle, because when a cycle is past it doesn't leave us exactly where we began. Probably for some time to come this lower income group is likely to have more effect on public opinion, and this is particularly true because recent events tend to divide the country more horizontally from the economic standpoint than it used to. In the old days we had both parties included in every category of the public economically, and every category of the public politically, because we had extreme radicals and extreme Bourbons in both parties. But in recent times there has been a tendency for each party to speak for a separate group. I think that also is tending to change back again, so that we probably are not coming to any profoundly different situation. But I don't think we are coming back to exactly the place we left.

The real safety and the real progress depends upon whether we give the public what it really likes. It is our boss. I suppose if I asked any man in this room whom he worked for, he would say, right off the bat, the New York Telephone Company. That is true enough, but there is one step further. The New York Telephone Company got its charter from the public. And the charter said that what the company was to do was to render service to the public. So you just have one step between you and John Public. And if we continue to have a happier life, by and large, in comparison with other industries, as we have had, I think it will depend upon our being just as shrewd in public relations as we were in the construction, the operation and maintenance and technical parts of this business, in the days when those were perhaps more important, because the extension and growth of the business was the compelling thing for the business to take care of.

I am going back a minute to give you the last of the statement I made to those outside people. I said that business is the means of producing things men live by - the necessities of food, clothes and housing, our entertainment

and various other things. It is the essence of life and the most useful profession of mankind. The men who do it are the players of the game. The lawyers, the doctors - men of the so-called professions - interpret rules and tend the players. Yet these professions have worked out a relationship to the public, a code of conduct for themselves, and a basis for high morale. They have made their contract with the public. Businesses, not I think en masse, but each one separately, have the same thing to do. Public relations, in this country, is the art of adapting big business to a democracy so that the people have confidence that they are being well served and at the same time the business has freedom to serve them well.

The less confidence the public has in big business, the less freedom the public will give big business. And as you restrict its freedom, you restrict its ability to serve. And you also restrict the opportunity of the men who work for business to have a full life of achievement, and a full opportunity to grow.

It is therefore in the interest both of the public and of business, and certainly of the people in business, to establish a state of confidence between business and the public. If we establish such a state of confidence, how effective can our public relations be? During the late unpleasantness a good many business men felt that there was something impossible about the situation. But I have no such feeling, and I don't think anybody in the Bell System has any right to have such a feeling. I believe that public relations can be very much higher than we have yet attained or than most people believe is attainable. You hear a great deal of discussion about the relation of large corporations with the public in which the phrase occurs "Oh well, they are attacking this corporation and that, or this utility, for political reasons." That is offered very often as an excuse. But it is not a valid excuse. The actual fact is that big business has to meet the political test. If the reputation of big business is good enough with the public, no one representing the public will be hostile to it - whether in press, politics or in any capacity. Because of ordinary human suspicion of size, big business will always be closely scrutinized. It will have to be a better citizen than if it were smaller. It will have to be good enough to have public confidence. Many people feel that there isn't a possibility of getting to such a state. But certainly there is no reason to believe that good public relations are impossible by and large.

In the Bell System, I think we have made a great deal of progress. We have given this subject a great deal of attention, but I still don't think we have had enough time to have made the progress we should. We haven't learned enough about the job, or set it up anything like as well as the plant and traffic and commercial fellows have set up their job. I think it is the biggest and most interesting opportunity in this business, and one which happily is open to all. I think it ought to be one of the most interesting and happy prospects that we might look forward to in this great enterprise of ours.