Speech to the Public Relations Conference of Chesapeake & Ohio Railway Company
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Summary

Page gives an overview of the functions of public relations and its role in influencing public opinion.

The purpose of public relations is to obtain public approval. The lack of trust associated with large organizations provides practitioners with the challenge of establishing or re-establishing public confidence and trust. Businesses should therefore communicate openly and be upfront about their operations. Communication at all levels of a company is required to implement effective company policies and instill corporate ideals. Operating business in the public interest also requires friendly, reasonable, and polite customer service.

Key topics	Page Principles
Customer Service	**Prove it with action**
Corporate Power – fear/suspicion of big businesses	**Listen to the customer**
Public Opinion – influencing public opinion, operating in the public's interest	**Conduct public relations as if the whole company depends on it**
Public Relations – PR functions	**Remain calm, patient and good-humored**
	Realize a company's true character is expressed by its people

Industrial Statesmanship

Public Relations Conference
Chesapeake & Ohio Railway Company
White Sulphur Springs, VA
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INDUSTRIAL STATESMANSHIP

All business begins with the public permission and exists by public approval. The public permission takes the form of charters, licenses and legal authorizations of one kind or another. Public approval is generally represented by reasonable profits, reasonable freedom of action and a few kind words. A lack of public approval is expressed in a good many ways – laws, regulations, commission rulings, investigations, public hostility and most vital of all, by a lack of patronage.

The purpose of public relations is to deserve and maintain public approval. Business has always had relations with the public. Business has always attended to this aspect of its job with varying degrees of success. In the days of little business a man running an enterprise in a small community instinctively felt that he must get on well with the neighbors–which is public relations. But the larger units of modern business in the last generation or two have brought the problem of the contact of business with the general public more into the limelight. It is harder to get on with neighbors, constituting a national market than those neighbors who live within a horse and buggy radius. The larger units of business have given the public better service and contributed to the social welfare in other ways, such as higher wages, better working conditions, and I, think on the average more stability as a place for the investment of public savings. These larger enterprises have been more effective on the technical side of operation than their smaller predecessors, and I think size has inherently something to do with this–although I know there is a school of thought to the contrary, but the larger the enterprise the more difficult to keep public confidence. This is really the problem of adjusting big business to a democracy and the difficulty arises from at least two directions–one is that the size of the enterprise creates a problem in maintaining public contacts on a good basis; and the other difficulty is that the public has an instinctive fear of large aggregations of power. The history of the growth of liberty has been chiefly the struggle of human beings to limit the power of their governments, for governments have been the most arbitrary agencies of humanity and the most powerful. But fear of big business is based on the same emotions as fear of government–although as I look at business, it seems to me that while it exemplifies all the human qualities–good and bad–with its share of errors, the conception of its power is greatly exaggerated. However, whether that is true or not makes little difference for the public has the conception of business power. We may as well accept the fact that the public will be fearful and suspicious of big business unless it clearly proves that it is operated in the public interest. The fear and suspicion vary in degree. It is not inevitable that there should be any. The Bank of England is a private institution with private stockholders, yet run so completely in the public interest as to arouse no suspicion or fear at all.

If a business has a large measure of public approval and the public has a large measure of confidence in it–confidence meaning that it is conducted in the public interest–it will give the business considerable freedom. If the public lacks confidence, it will restrict the freedom of the business and maybe even destroy it. The pathetic thing is that in endeavoring to defend itself by restricting the freedom of the business, the public is inevitably reducing the degree of effective service by that business. By the time a business is so closely controlled by public agencies that it can't do anything bad, it is likewise so tied up it can't do much that is useful either. Real success, both for big business and for the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively. I said sufficient freedom, I don't mean complete freedom. With human nature as it is and is likely to be, I doubt the wisdom of giving any great units of business–or little ones either for that matter–complete freedom. Some regulation, either by way of competition or regulatory law, is I think essential until we reach the millennium, which is a long way off. But I think that the public can, in its own interest, in judging the amount of control over business which it wishes to establish, remember that it will generally lessen the opportunity for effective service by about the same degree that it lessens the

opportunity for abuse, and the greater degree of freedom it can safely grant, the greater degree of service it can reasonably expect.

The excitement and pressure of making use of the rapid mechanical and electrical inventions of the last two or three generations, concentrated most businesses attention on technical improvements to a degree that perhaps obscured the human relationships between the business and the public. Men felt that if they produced cheaper and better goods, perhaps the public ought to be satisfied with that, and when it turned out not to be so there was a disposition to hire somebody to explain matters and go ahead as before–in other words, to run the business from the technical point of view and explain that. But that did not satisfy.

But I believe it is possible to run business in the public interest and explain the problems surrounding the business so that the public sees it is in their interest. In my opinion, the conduct of a big business in a democracy consists of 90 per cent of what is done and 10 per cent or thereabouts in explaining it, but I still think that 10 per cent is a vital part of the enterprise. If what the business is doing is not in the public interest, the more explaining the worse the result. But even if the policies are such as commend themselves to the public, the public is generally too busy with its own affairs to know about them unless they are set forth. Moreover, the very setting forth clarifies them in the mind of the business itself and sometimes the public comment on these policies will help the business to modify them in time to prevent serious difficulties.

Public relations, therefore, 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. Anybody in the business can help sell his livelihood down the river or help build it up. In the telephone business and the railroad business which are retail businesses, most of the contacts with the public are made by the operators, linemen, installers, repairmen and people in the commercial offices; and by freight solicitors, station agents, train crews, section gangs. These people axe the telephone business and the railroad business to most of the public and what they do and say constitutes a large relationship. As individuals from the ranks move up into supervision part of public they probably have less direct contact with the public, but more responsibility for providing the ways and means, material and methods which will enable the rank and file to give good service and make intelligent and friendly contacts with the public. The problem is completely interwoven from the top to bottom of any industry, but particularly in service industries, and it cannot be allocated either to a public relations department alone, or any part of supervision alone, or the rank and file. It is an overall job which everybody participates in whether he knows it or not, either for or against the profession in which he makes his living. There is no way of escaping this responsibility. Every day he is either building up or tearing down his job with the public.

I have some question whether there is such a thing as a public relations profession per se because the public relations of a railroad are railroad public relations, and the public relations of a telephone company are telephone public relations, and it is not at all certain that what the public expects from one industry is what it expects from another. The last thing that I would do would be to come here and attempt to discuss the public relations of a railroad because I have not been on one except as a passenger since I was a volunteer fireman and brakeman on my uncle's road in North Carolina before I went to college. I am, therefore, going to confine my specific discussion of public relations

to processes by which we have gone at it in the telephone company and when I have done that I shall be very happy to answer any questions which any of you have about how these things are worked—both the parts which in our judgment work well and those that have not worked so well.

In 1927 the President of the American Telephone and Telegraph Company delivered a statement of Bell System policy before the annual meeting of the National Association of Railroad and Utility Commissioners, the regulatory bodies that have most to do with our business. That was equivalent to saying to the public, "We should like to serve you and we offer the following contract which we think would be fair to everyone and mutually profitable." Now you can't write out such a document even in very general terms without thinking over the company's responsibility to the public as a purveyor of goods and service, as an employer, as a taxpayer, perhaps as a trustee of public investment, etc. And it also happens that a document of this kind, which the management is proud to sign, when literally applied to the business, makes some alterations in it. I don't mean that in our company there have been particularly fundamental alterations but it has often happened that since everybody in the System became convinced that the policy was intended literally, practices which had grown up and were not checked against any particular philosophy have been checked against the policy—sometimes by the rank and file, sometimes by lower supervision, sometimes by upper supervision—and made to conform. In other words, a policy of this kind is a device for making the people in the business—all of them to some degree—take the time to study and carefully consider relations between the public and the business. It subjects the business to the even closer scrutiny of the people inside the business than it is likely to get from the outside.

The general philosophy behind the policy has led in the last ten years to such management decisions as the limitation of dividends in the boom, their payment in the depression, the refusal to lend surplus in the speculative markets in the boom, the maintenance of long range research through the depression, the change from a pay-as-you-go to an accrual plan for the pension fund, and so forth. I do not mean to imply that these and other management decisions made in an effort to fulfill the social obligations of the business might not have been made without the formulation of policy, but I am certain that there would not have been as much attention to this aspect of the business without it. In the Bell System we look upon the statement of policy as an important milestone in our history and a very present influence in the daily conduct of the enterprise.

The second part of the program has been the establishment of machinery to see that two things happen—one, that the business does not deviate from the aims of the policy by inattention and neglect, and two, that the details of operation be changed to fit the changing public desires. The machinery to do this is followed by the public relations department, but the work of doing it is in the operating departments. I make no particular claim for the particular kinds of machinery that we have. They vary a good deal in different parts of the System and we are still experimenting as to what is best. But from our experience I am clear that some machinery is necessary and that it is necessary that it be kept in healthy working condition.

Having gotten so far, you meet with another problem. I have been talking up to this point as if the public wishes were reasonably static. Of course, they are anything but

so. The public is one of the most whimsical masters that any one ever saw. The business must be prepared to meet new aspects of public opinion, which arise at any minute. Not only that, but the public may have three or four opinions at once. We have been questioned by one group for having too much debt; by another for not having enough; by one group for, not hiring enough old people, and by another for not hiring enough young ones. At one time the public would be censuring us for building ahead in the depression and another group for not doing so. In other words, there, is no possibility of perfection in this matter, but people who are watching it with care can be more clear about the dominant trends of public thought than those who are paying no attention to it, and to keep in tune with even the dominant trends of public thought means eternal vigilance.

So far I have been discussing decisions made finally by management. There is another side to the problem. As I said before, most of the day-to-day relations of the business with the public are conducted by the operators, linemen, commercial office people, installers, repairmen, etc. They represent the business to the public. The company may have the best overall policies in the world, but if the spirit of them is not translated into acts by those who have contact with the public, they will be largely discounted. Consequently, whatever the policies are, everybody must be let into the secret. To make the policies effective it is necessary to have the contact employees given an understanding of them so they can be reasonable and polite. In order to be reasonable a person must know the reasons for what he does. If a customer objects to something and is told it is a rule of the company and nothing more - that seems arbitrary, and yet if the employee does not know the reason for the rule he can't explain it. Moreover, by instinct the public feels that if the employee does not know what it is about, it will be impossible for the public to find out and there must be something unreasonable in it.

Generally speaking, I am sure our public relations are improved pretty much in proportion as the employees in contact with the public understand the reasons behind the company policies and practices. Likewise, the more an employee understands, the more likely he is to grow in his job, so that the all-around level of performance improves, not to mention his satisfaction in life and capacity for advancement.

And 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. This means giving employees some latitude and encouraging initiative. No routines and 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.

It takes time and money and patient effort of supervision to inform all contact employees of the reasons behind routines and about the fundamental policies of the company, and about anything else which they are likely to be asked by the public. Yet without adequate knowledge to answer, 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 the foreman up to the top management, all supervisors must look upon the process as one vital to the success of the business. Being reasonable and polite to the public must be done by the company as a whole and cannot be done for the company by a special department. It is not a gesture—it is a way of life.

Perfection, of course, is impossible in anything, but a rather considerable degree of reasonableness and politeness ought to be easily achieved because these qualities are natural to most people, if not diminished by the pressure of routines, techniques and ratings on other aspects of the job. 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.

In discussing politeness and reasonableness, I do not mean something employees can be trained to put on like a cloak. I am not talking about stage management. I am talking about character—running a business so that the more the employees know about it the better they feel about it, and running it with people who know what they are doing, have a pride in their profession and want that profession held in high esteem by other people because it deserves to be.

To make all this concrete, let me give some examples.

There was quite a hurricane in New England last year. It put out of service 600,000 telephones—about one-third as many telephones as there are in France. The policy of the Bell System which provides uniform equipment and training enabled crews from as far west as Arkansas and Iowa to roll into New England and start to work without delay in helping the local forces restore service. The policy of having the Western Electric Company as the central supply source resulted in the whole repair job being done without an hour's delay for lack of material. When the job was done people all over New England understood this. They understood it primarily because every gang that was not working understood the facts and their significance and it was through these men that the results of these policies were most effectively presented to the public. If they had not known about the organization of the System and the reasons for it, the results in New England would have been very different.

Let me give you two instances of the kind of thing I mean by reasonableness and politeness and responsibility beyond the written rule.

There was a small town in the hurricane area in which the telephone company was represented by an operator, a night operator and a plant man. When the storm was over the town was cut off from the outside world and most of the towns telephones were out of commission. These three telephone people were out of touch with all supervision. The plant man got to work immediately on the toll line into the town. When he got that working calls began coming in asking about the safety of this one and that. If the operator had only a routine conception of her job and her responsibility she would have merely reported that the lines were out of order—which was well within the truth. What she did was to commandeer the postman and the milkman because they knew where everyone lived in town. Having gotten their cooperation, whenever a call came about some one's safety she got one of these men to go look up the person and with that information she called back to the inquiring friend or relative. Every one in the company that operator worked in has a better and a safer job because of the friends she made for it.

The other case was during the depths of the depression. In a fair sized city out west, in the ordinary routine, a plant man was given a disconnect order. The disconnect order was because of non-payment of bill. The plant man went to the house and the door was opened by a woman who told him to come in, when he explained his errand. He asked some questions about why they were going to let the telephone be taken out and she answered that it was because her husband was sick and she could not pay the bill. He inquired a little further and finding that her husband was seriously sick he asked her if she did not really need the telephone to keep in touch with the doctor. She said she did but she had no money to pay for it.

At this point, he took on responsibility and said to her that he thought it was not a good time to take it out and he would hope that when her husband got well the bill could be attended to, but in the meanwhile she ought to have the service of the telephone. He went back and reported this to the commercial office and it was noted on the card. Perhaps a month later the man came into the office and offered to pay that particular bill. The commercial office employee, reading the card, asked him if he was entirely well and if it was convenient to pay the bill. His answer was that while it was not particularly convenient as he had just gotten well, he was going to pay it anyway because while he was sick the only people who had done anything for him were in the telephone company and if nobody else got his bill paid he was going to pay us.

The bill's being paid was not important, but the fact that even in a routine business a way was found to be neighborly and friendly was immensely important.

The effort to build friendly service from the customer's point of view takes a great deal of time and instruction. For example, in the Long Island area of the New York Telephone Company during the last year every member of the force has been to headquarters for a day's conference. The conference consists of discussions with the management, but most particularly of the observation of what we call service skits. A dozen operations that actually occur between the telephone company employees and the public are reenacted on a stage. The dozen cases shown are those in which the telephone company did not do the job well; and immediately after each one of those cases the same actors—who are employees—give a demonstration of how it should be done. This has had a very great practical effect in helping employees conduct the business in the way their natural tendencies would lead them to want to do it.

In Michigan during the year every operator has spent a day, in groups of 20 or so, in discussing with the higher supervision of the Traffic Department what they have found to be good and bad points of service, the things which bring praise and the things which bring criticism, and out of all this is gathered knowledge which enables both the management and the operators to devise a more friendly and effective service.

Similar things are going on in all the other parts of the Bell System and every year after the close of the year, the results of the year are discussed with practically all employees in group meetings in which any and all questions concerning the business are in order.

I have told you enough examples to give an indication of what we are trying to do. There are plenty of stories on the other side also—instances where we have failed and some of them have cost us considerably more than could have been anticipated.

Adjusting a big business to a democracy is operating it in the public interest with good humor, reasonableness and politeness. If this is done with some skill and some luck it ought to work out. There are hazards enough to make it exciting, rewards enough to make it worth while, and always the chance that if it succeeds we may be helping to make a little better country to live in, as well as a more satisfactory life for ourselves, for after all one of the great satisfactions of life is to serve the public of one's time and generation in a way that commands its respect and liking.