Speech to the Bell Telephone System's Publicity Conference
April 1927

Page, A. W. (1927, April 28). Talk. Speech presented at the Bell Telephone System's Publicity Conference, Thursday Morning Session, Briarcliff, NY.

Summary

After three months with AT&T, Page speaks at a publicity conference where he discusses the opportunities publicizing the company's public service will provide the 50-year-old company. The benefits of investing in AT&T are discussed.

Those responsible for publicity are encouraged to keep a pulse on the public, learn what it is they want, and find a place where the public's interest and the company's interest coincide. The company needs to overcome public suspicion subject to monopolies and help the public understand how AT&T not only operates in the public's interest, but how it properly deals with the money that flows in and out of the company.

Key topics	Page Principles
Finances – investments, investing **Public Opinion** – operating in the public's interest **Publicity** **Monopolies** – suspicion of monopolies	**Tell the Truth**

Talk

The meeting was called to order by Mr. Page at nine o'clock.

MR. PAGE: I had originally intended to have this conference entirely a field day with very little from 195. I don't know just what it was that gave me what the preachers call a call to preach and I am not going to let it last very long. The thing that I think it was, was a difference in definition between Mr. Builta and myself. He explained that the service ideas of the Bell System were not idealism but hard-headed business. I think in our case those are one and the same thing. I think that idealism is to find out the place where our interest and the public interests coincide and to hit to that place.

Happily with us, the people at 195 so far as I have seen them (and I am not speaking as one of them for the present, because I have been there so short a time that I am more of an observer than otherwise) are completely committed to that policy. Somebody here likened the A. T. & T. set-up with the associated companies to the arrangement of the federal and state governments. I think that is a true analogy, but in our task of selling the A. T. & T. I would like to remind you of your history, that we are getting along a whole lot better than the fellows who tried to sell that Constitution to begin with. They had a very tough time of it.

There are two fundamental things which seem to me to make our position in explaining the Bell System to the public sounder than the position of people in any other large activity or large industry in the country. One of them is the question of where the money comes from and where it goes with us. The money comes through the associated companies and goes to the A. T. & T. by dividends and by the service contract. It goes to the Western Electric by the Western Electric Contract and comes into the A. T. & T. from the Western Electric.

The thing that bothers the public a good deal in this age when mechanical contrivances and organization have made it possible to provide a high standard of living and reasonable prosperity for people, that is, the total production has been attended to by modern processes, is this: when you have done that, how do you divide the money? Doesn't somebody, some group somewhere get more than their services entitle them to? Back in the minds of most people who have criticized large corporations, and certainly most of the suspicion of commissions, arises from the suspicion that somewhere there is a diversion from the main stream down over the mill wheel of some particular party. That suspicion is not altogether ill-founded in a good many businesses. There is that diversion that goes in the form of speculative profit to a small group in many businesses and a good many businesses are set up for the purpose not of arranging for the main stream but arranging for that diversion. With us that is not true. No matter what course the money takes from the public, either by the service contract or the Western Electric or the dividends from the associated companies, it all arrives in the same pot. It is all in the main stream when it gets to the A. T. & T. treasury. Nothing has been diverted.

After it gets there, the same is true of it; not only is none diverted to any particular group, but there is no incentive that I can see for anybody connected with the management to want to divert it to any group or in any way. If they did want to, how could they? The company is owned by 420,000 people. As you all know, nobody owns one percent of it. The only place that money can go, if it goes to the stockholders, is to all of them. I think that covers one point that might be in people's minds about other corporations, and they may think without studying that we are the same. In other words, if that money is divided in the form of dividends, it is divided with the public. There are 420,000 in now, and it is a public opportunity, anybody can get in. Besides that, there is no incentive to divide that money with the public at any higher rate than is now being done; that is, there is no incentive on anybody's part to wish to raise the dividend or give a stock dividend or give a stock dividend or split up the stock or do any of those things. The rate of dividend is where it is because at the point where it is, it is sufficiently attractive to investors to bring into the Bell System the $350,000,000 a year that it needs to continue to improve its service.

If by any of these processes the money coming into the A.T. & T. treasury by any of these sources brings more in than is needed for the ordinary purposes of paying that dividend, putting a reasonable surplus aside and providing for new facilities, there isn't anything that that money can be diverted to but two things, under the present policy of the company. One is to still further increase the plant, which means improve the service. When I say increase the plant, I mean perhaps spend it in laboratories which will ultimately increase the plant or directly increase the plant or spend it on the information departments. But if it isn't used for that, the only other thing you can do to keep that money from getting ahead of you , as Andrew Carnegie once said of his income, is to reduce rates.

The consequence is if the public really believe the set of facts which are actually true, there isn't the slightest reason in the world for them to worry about what money comes into the Bell System, because from their point of view the worst thing that could happen would be that we would get a certain amount of money that we didn't actually need which would stay in suspension in the associated companies and the Western Electric and the A. T. & T. treasury for a period of time as it was going through the process and before it was diverted back again either to improve service or reduce rates.

I think ours is the only company, not only in this country, but in the world, and probably the only one in history, that is in that particular situation. I wonder whether all of you fellows who have been close to this thing as it has been growing up realize how unique and distinguished that situation is. It seems to me that that forms the basis of the fundamental presentation of this Bell System to the public.

I haven't (being a three months' expert on this job) any specific method in mind for presenting that to the public, but with so sound a thing in our hands, I am certain we can provide a method which will bring to the telephone system the public attention, for, instance, which Hr. Ford has for the extreme degree to which he has gone into quantity production. I think if the public understood what the Bell System has done, it would have as large an interest in us as it has in Mr. Ford, and perhaps a higher regard because I think we have done some things of a public service nature which he has not.

There is one other aspect to the thing. Granting that you can trace all the money that comes in and goes out of the Bell System and that, it is in a proper channel at all times, that would not guarantee that we were efficiently managed and there is a suspicion at times in the public mind that anything which is a monopoly has a tendency to dry rot. It is that there is no incentive to improve, the spur of competition is lacking.

In the last two or three months I have talked to people in other enterprises down town in New York about this situation and some of them say, which in a sense from their position they have to say, that if you have taken the speculative profit incentive out of a business that will prevent its continued improvement. On the other hand while the Bell System has, generally speaking, never made a millionaire, it has been going for fifty years; it was built up at the time of the exploitation of all other industries, in the age when great fortunes were common, when everybody else was doing it, and it didn't do it. And yet on all sides it is recognized as being one of the most efficient businesses there is and it has never had the speculative profit. I don't believe that that particular speculative profit has anything like the influence on the conduct of business that a belief in the business and enthusiasm for the business, a set of ideals and any of those other elements, a pride in the job, etc., have. I think that the Bell System has again in that line demonstrated some facts which the students of business in the next fifteen or twenty years will spend a great deal of time thinking about.

There is a specific reason which you all know for the efficiency of the telephone business, that is the set-up of the company provides the engineering staffs and the laboratory staffs whose sole job it is day in and day out to find out a method whereby they can change what the operating man now is doing and change it for the better. If you have five or six thousand men engaged on that job, so long as they produce something, the company processes must improve.

I think those two lines of thought, the following of the money that comes in and goes out of our company and the motives which prevent any misuse of it, and the insurance of a continued activity and improvement in the service, are the background which can give us a confidence that we have got a better thing to present than any other similar group in this country. 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. It is going back to the thing I mentioned several times before, that is to organize our machinery a little tighter together than we have it, or to continue to organize it tighter, as we have been doing in the past. We also want to endeavor to keep in maximum touch with all of the other departments at 195 so that whatever goes out in engineering or any other line, we will get track of it and notify you so that you will be abreast of the times with any other department.

Those two main things are what I hope we can work out from this conference, and we are going ahead because you have given me some assurance from time to time during the conference that that is what you wanted to do and that in that way we could cooperate.

There is only one other thing that I had in mind. One or two towns report that people have spoken of the A. T. & T. as a foreign corporation, from the point of view of Oklahoma or Montana. Well, perhaps in a certain sense it is, but there is this fact to remember, that it is an American company, owned by 420,000 people and those 420,000 people live all around. If the people in Oklahoma want to own the Oklahoma telephone system, they can buy their proportion of the American Company and it will be at home. It isn't a New York company; it is an American company. There is a New York Company and that properly is in New York.

There is one last thing I wanted to say. This particular department of ours is not pressed with the commercial end of this business; it is not engaged in the immediate money making, the physical preparation of plant and it is freer, if it has the brains and perspective and intention, to be the custodian of the ideals of the company. When I say custodian, I don't mean a person who keeps what he now has, but a person who keeps that and sets about thinking how to add to it. We are in a better position presumably, being in touch with the public and knowing what the public want, to find out at what place the interests of the company and the interests of the public coincide. It ought to be our business and we ought to be able from time to time to contribute to the presidents of the different companies suggestions and help along that line, just as the engineers and the commercial men bring in suggestions along their lines.

Gentlemen, I think that my call to preach has about petered out.

Speech to the Bell Telephone System's General Operating Conference
May 1927

Page, A. W. (1927, May). What publicity and advertising can do to help operation. Speech includes a general discussion with Mr. Page. Speech presented at the Bell Telephone
System's General Operating Conference.

Summary

Page addresses the benefits of the publicity department. He talks about his experience preparing propaganda for World War I and outlines how to effectively conduct public relations and communicate a memorable company message.

The greatest limitation to public relations is the inability to change the facts. The publicity department is responsible for managing relationships with the press, getting information to the public, and monitoring public opinion. Effective public relations requires more than sending a message, it requires getting people to listen. The best way to communicate with your audience is through simple, repetitious messages; the public does not need to understand your whole business.

Key topics	Page Principles
Advertising **Public Relations, the message** – creating your PR message, simplifying your message **Public Relations –** effective public relations, challenges/limitations, PR functions, value of Public Relations **Propoganda** **Public Opinion** **Publicity**	**Listen to the customer** **Manage for tomorrow**

What publicity and advertising can do to help operation

Speech Includes a General Discussion with Mr. Page

I am in a very humble spirit this morning after Mr. Hosford's explanation last night of how the Western Electric Company can take any raw material and automatically turn it into any desired shape, perfectly, rapidly, certainly and at a reasonable cost.

In contrast to that, 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. The only thing we can guarantee is a reasonable cost. Now, perhaps, public relations belong in the category of those activities

described by General Carty as an exact science about which very little is known. I regret to say that most of what little knowledge we have of this science is knowledge of its limitations. The first and greatest limitation is that it cannot change the facts. It can act as a kind of loud speaker to broadcast the good service that you people provide, but its effectiveness has a very fading quality if there is any bad service. In other words, it will not act as a substitute for service if you should ever need such a substitute.

I was very much impressed with that during the war. I had a job preparing propaganda to drop over the lines on the Germans. By the time we got there, things were going very well, and we dropped quite a lot of these little leaflets on the German soldiers. On one side of the leaflet, we explained to the Germans how many soldiers and guns and kilometers they had lost to the Allies the week before. On the other side of the American edition of this leaflet, we put down the menu, which the regulations provided that we should give German prisoners if they came in. Quite a lot of these fellows when they surrendered used to have these little leaflets and bring them in, one hand up and in the other the menu. I got the impression that this propaganda business was quite successful, and we did pretty well.

Then I got to talking with the French and the British with whom we were cooperating and I said, "How do you get on when the tide is going the other way? Two or three months ago, after the Fifth British Army break and the French defeat at the Chemin des Dames, what did you tell the Germans then?"

They said, "We didn't tell them anything. Nobody had time to drop paper on them. Guns and bombs and soldiers didn't stop them, and we didn't bother with the minor horrors of war."

I don't think when we come into difficulties or bad situations in the Bell System we need be as completely out of the picture as we propaganda fellows were in the war under similar circumstances, but the truth is we can't change the facts. Yet in spite of these limitations that we can't change the facts, that the propaganda works least well when you most want it, and that what it does accomplish is not easily susceptible to proof or measurement, I think from outside observation before I came into the Bell System; that the publicity in the Bell System has been immensely useful.

I am going to try to outline a few of what it seems to me are its functions and objectives, merely for the purpose of discussion. This is an ante, which I hope will lead you all into this discussion. That is what it is for.

The obvious function, which the Publicity Department has, is contact with the press for the purpose of giving it news stories, advertising, movingpictures—incidentally in that connection there were two years ago about a million people who saw moving pictures of the Bell System. Last year, there were something over twenty million. There were three hundred and thirty-one thousand showings of the Bell System movies.

Then there are billboards and all similar additional methods of reaching the public. Having had nothing to do with setting up this organization, I can say it is an extremely efficient one for getting material to the public.

Now in this field, it seems to me the next step is to further develop the idea that the whole system is a field laboratory. What we want to get is fuller information of what

is tried, here, there and everywhere, and get that into 195 in such shape that it can be codified and understood and filed so that if a similar problem comes up anywhere else in the System, we will have ready a certain amount of data. Whether that data is exact or inexact it will anyhow be the best experience that the System has had up to that time. We may be able by that process to keep some one man from repeating the mistakes some other man has made and maybe help to work out something approaching exact knowledge of how to proceed in various kinds of situations.

If these facts are not subject to being measured, sometimes the majority or unanimity of opinion may serve as a fact. I think, probably opinion serves in this capacity in most things. By the accumulation of this data, we shall at least have the best information that the System has had at any point. When service changes, rate cases or anything of that kind come up, we will have something to draw on and be prepared to serve anybody that wants to get such service.

I don't know how accurate that can get to be, but there is one thing I am certain of, that there is no other organization in the United States, which is so well and happily situated with what amounts to headquarters all over the country, to acquire a fairly exact knowledge of public relations. If we use this organization, which we have as a laboratory to its fullest extent, we ought to know more about that aspect of our business than any other company in this country can know about that aspect of their business.

In doing this, there is one principle I would like to mention. In publicity, as in other matters, I believe simplicity is a sign of greatness. The Bell System has this extraordinary machine for putting things in the papers and reels in the movie houses and lectures on the platform, and even printed books in the schools. To make the best use of this machinery, I think we ought to have our message just as simple as we can possibly make it.

If you had one boy on the seat in front of you and he couldn't get away, you could get quite a lot in his head in a given time. If you get about twenty boys in the room, the percentage that you get into their heads is less. The larger the audience the harder it is to instruct. Now you follow that idea out. We are talking to 120,000,000 people. What is more, they don't have to stay in a classroom and they don't have to listen, they don't have to read, unless they would like what they read, and they don't have to pay any attention to you unless what you say interests them, and the percentage of effectiveness that you can hope for under those circumstances is fairly small. The shots that hit are going to be very few compared to those that you shoot. 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 and over again.

If we spend the amount of money that we do, or any amount that is reasonable at all, we can't possibly tell them many things. The consequence is we have got to, if we want to be sure of getting something in their minds, simplify our own thought as to what are the essential things to tell them and then stick to telling them those things and forget the rest. We can't possibly hope to explain the whole telephone business so that the public thoroughly understands it.

We can put our material in the paper in two ways: one free and the other advertising. There used to be a good deal of objection on the part of the press to free publicity, handouts, and so forth, as they call it. And the press still, from time to time,

passes resolutions against that kind of activity. But they don't mean it, and for this reason, the information which they print is so various that they haven't got the staff to collect it. You take any paper, you take this morning's Times, for instance, and you go through it. You will find that about 50 percent of it or more is material which has been given to the paper. They didn't originate it. The reporting staff of the paper did not create it. It does some collecting, but it does not originate it. It is prepared in one form of another by some person who has the facts and wants to get them into the paper, and within certain more or less definitely recognized limits, the papers take that material. What they actually collect themselves is of a different kind.

The material that is given them is the record of the ordinary, orderly progress of our civilized activities in business and affairs of that kind. What the newspapers chiefly collect for themselves are the unusual things, abnormalities of life, murders and accidents, etc.

I think within proper limits, there is no objection and there is no difficulty in using that free space.

So far, I have been talking about the direct service of the publicity department to the Bell System, that is essentially giving the facts to the public which the Bell System wants the public to get. Now, 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.

Professor Ripley in his book called, "Wall Street and Main Street," suggested that the corporations have public representatives on the Boards of Directors. With all respect to those distinguished bodies, I believe a more effective plan is to have representatives of the public in the management, and that is the job of the publicity department.

The publicity department ought to be in a position to know as nearly as humanly possible what is going on in the company and what is going on outside. It ought to be so constituted that it would automatically, even like Mr. Hosford's machine, check each proposal for its immediate and future effect on the public mind and from the public point of view. In that side of its business, it ought to act all the time from the public point of view, even when that seems in conflict with the operating point of view. It ought to bring to the management at all times what it thinks the public is going to feel about a thing.

In this capacity, the publicity department isn't hampered by the necessity of making the business pay, meeting a budget, and seeing that the daily operations keep up. It is free to study what the public wants.

For instance, it would have been a most proper thing for the publicity department to raise the question that Mr. Gherardi raised yesterday about the poles. The question having been raised, the publicity department ought to find out what it can about the probable public attitude on this subject, whether, for instance, the organizations that are fighting roadside billboards when they get further along with that fight won't include the pole lines with it, and whether if they do they are likely to be able to get laws passed against pole lines as they did against billboards in Florida. Let's take a case in the Chesapeake and Potomac territory. The publicity department down there might well know just how serious is the objection of the owner of the two largest papers in Virginia to the pole line which I must say lacks in grace what it contributes in utility to the new

highway between Norfolk and Virginia Beach. At Virginia Beach is the new hotel which that newspaper owner owns and the tourist traffic is what they are all interested in down there, and that pole line sticks up rather as a sore question in their minds.

When that question was raised about the pole lines yesterday, Mr. Barnard immediately said, "Well now, you have to remember in that connection that taking pole lines down is expensive, it costs money and putting cable under ground costs money." That is his business, to know what it will cost to take the poles down. It is the publicity department's business to know what it will cost to have them up.

Of course, the real problem in that question as in the other side of the question is to endeavor to get more nearly accurate diagnosis. We can't just go in on a hunch and say, "I don't think the public is going to like this thing," but we must get as nearly as we possibly can some kind of data to judge by.

Now going a step further in the program. Suppose it turns out that the poles in some place are to be taken down. Then the publicity department ought to be prepared a long way ahead on how it was going to break that news to the public. Perhaps the better plan is not to tell the public. Perhaps it is better to do it without saying anything about it; perhaps on the other hand, a situation arises so that if you don't tell these organizations that are working against the poles beforehand, they will start a public agitation and if you do tell them beforehand that you are going at it as fast as reasonable, they will aid in a friendly way. The main point is we ought never to be caught making explanations overnight, in a hurry, trying to think up excuses. 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.

Then I think the publicity department ought to sit up nights to figure out things the Telephone Company can do for the public outside of regular business. I don't mean only providing good service. I will give you an example: When the Ohio Company made the industrial survey for Ohio a year or two ago, that probably was worth more in good will than any amount of the ordinary material that went into the press. The Telephone Company was in position to make that more accurately and effectively than anybody else. It is the sort of extra thing they could do, and the more of those things we can do, the better I think the position we are in will be.

Now these are some of the things, which seem to me to belong within the publicity department's orbit. They can't be done without the conviction by the rest of the organization that they are worthwhile.

Now these remarks are but marks for you to shoot at. It is the open season. I got some wholesome truths at Briarcliff recently and I hope I get many more here now. No matter what you say, you can't hurt my feelings. I borrowed these things I have been telling you around the shop in the last two or three months. If they don't stand up under fire, I will give them back where I got them and just take the new ones.

DISCUSSION

MR. BICKELHAUPT: I don't know whether I am in order, after this talk about poles. We have poles on the road and we probably will have for a good many years. I always think as I ride along and see the poles, if only in some way it was called to the attention of the people who see them that this is part of the speech highway, national

highway system, and that it is part of the Bell System, we would be utilizing some of the publicity value of our own plant and always wondered if there wasn't any way we could do that.

MR. PAGE: Well, I don't know. I haven't any collected facts about that, but it may be that the public mind is such that it would be just as well if it didn't know the poles were ours. But I agree with your philosophy that the utilization of our plant to tell our story is a good thing. There are lots of places where we might watch that. For instance, somebody came in and offered Mr. Gherardi a large sum of money for the right to advertise in the telephone booths where people are shut up and can't get out, and there is nothing to do but either read what is in front of them or draw pictures. It would probably save the company property, and provide a chance to tell people something you want to tell them if we put something up in the booths for them to read. There may be other places on the company property that we could use to get ideas to the people.

MR. DRESSER: It may not be a good question, but it seems to me we are always telling the public such things. Why don't we tell them something about the limitations of the business and educate them that way a little bit?

MR PAGE: I think we must limit ourselves to a few simple things that we want them to know which we think are the most important. I don't know what those things are. I am trying to find out.

CHAIRMAN GHERARDI: You have probably seen that little story that Mr. Gifford suggested we get up some time ago, and Mr. Waterson or some of his people wrote it, about cut-offs, with the thought that it might be a good idea in the Bell Quarterly, (and it would be copied) to tell about some of those service difficulties, not overemphasizing them, but explaining how they occur and why they occur, and let the people understand the cause of some of the difficulties of the service.

MR. PAGE: There is this differentiation I should have made before: For instance, 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. Now, if you could get a majority of those people (and you can talk a little longer to them if you happen to get them in a place, where they are interested) you can give them a little more philosophy than in that simple message that you have to present to the big crowd. If these key people are thoroughly persuaded they will effect the result on the rest of the crowd sooner or later. How sooner or later it is depends upon whether the rest of the crowd is subject to ignorance and agitation on the other side of the question.

If you have this group really convinced of your philosophy, and the rest of the crowd more or less with you in general, then your program can go along pretty rapidly. There is a very distinct differentiation between the problem of teaching those people who control opinion and trying to explain something a little more in detail to them, and the problem of reaching the great mass with a few simple fundamental things.

MR. STRYKER: When the Virginia Beach Boulevard was to be built, the pole line was close to the edge, about three feet. Of our own accord, without any suggestion on the part of any one, we felt that there might be some accidents unless the line was moved back. I think we missed a bet right there, from getting your idea. If we had said in the papers that the Chesapeake and Potomac, in order to keep the poles away from the

highway, were going to acquire some private right of way, which we did by the way (we got the pole line back in some places ten feet), we might have then got a good deal of credit for spending the money and building that line through there. I will admit it does stand out. If we had to do it over again, we would probably build it the same way, unless public opinion was so strong against it that we might put through a cable on a low pole line.

MR. PAGE: Thank you very much, gentlemen.

CHAIRMAN GHERARDI: There is one thing which I don't remember whether Mr. Page mentioned or not, but I want to emphasize, and that is the proposition that while we can look for a great deal of help from the publicity department, they also rightly can look to the operating department for much help. I want to tell you gentlemen that I found it real helpful to go in and discuss with Mr. Page many operating questions that were of a nature that in one way or another affect the public, although one might easily say that the method of running a trouble desk or something like that was hardly a matter in which the publicity department were very much concerned. We can only get our publicity people familiar with the problems of the business if we take every opportunity to take that kind of thing up with our publicity people and get them into the game. It is pretty hard for anybody to get into the operating game if the operating people want to build a fence around it and keep them out of it. It is a hard fence to break through. Now, nobody has the desire to do that, but I think we have got to go further than not having a fence there. I think every now and then we have got to go to them and take them by the hand and lead them into the operating field, so that they will feel perfectly at home there, and while perhaps not knowing everything that is in there, at least they will feel perfectly free to go in and look at what there is, and talk to the operating people about it.

MR. PAGE: I am exceedingly glad you said that for we can't serve effectively without that knowledge and cooperation.

Speech to the Bell Telephone System's General Commercial Conference
June 1927

Page, A. W. (1927, June). Special Talk. Speech presented at the Bell Telephone System's General Commercial Conference.

Summary

Page addresses the commercial department on the value of public relations and the need to constantly gauge public opinion.

Good public relations is a result of constant vigilance. Businesses can never have enough good will towards them; therefore, they must continually analyze their relations with the public. Even though "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." There are no sure-fire prescriptions for soothing the public, creating public trust, and get them to like you. The best insurance a company can have is to constantly analyze its ideals, aims, and relations with the public. The PR department should question everything that goes on in the company and focus on telling the public what they want before they know they want it.

Key topics	Page Principles
Advertising	**Tell the truth**
Customer Service	**Listen to the customer**
Public Relations – Public Relations Strategy	**Manage for tomorrow**
Public Trust	**Conduct public relations as if the whole company depends on it**
Public Opinion	
Public Relations – value of Public Relations	

Special Talk

Immediately after notification that the conference calendar is somewhat congested and that we are to have an evening session, and the further warning from Mr. Gherardi that anything I say will be used against me, I am going to try to be reasonably brief.

Mr. Whitney said yesterday that the Bell System as a whole had a fine reputation as a business of character and intelligence, but that the public does not seem to like us in detail. You know, coming in from the outside, it has surprised me a great deal that, while dealing with a little instrument which has more capabilities of irritation than all the other appurtenances of modern civilization put together, you have acquired as much good will in detail as the Bell System has. I don't mean to say that we have enough; we can never have enough. It is the job of the public relations department to make the public

like us more and more in general, over-all and in detail. I might as well confess, however, to begin with, that we haven't any injections or medicines for making the public satisfied with things that are naturally irritating them. If we send them bills they don't understand, or wake them up at midnight to report on calls that have been cancelled, the public relations department hasn't any soothing syrup that will make people like these irritations or bless us for them.

Our best presentation of the ideals and aims of the System won't sooth the savage breast of a man who can't get good service. This isn't merely a confession about the public relations department of the telephone companies; it holds true in all such businesses.

There isn't any panacea; there is no quick way of getting this job done.

Recently I have read a good deal in public relations magazines about a scheme that is going to do away with all public criticism; that is, customer ownership. Of course, we have customer ownership and a wider distribution of stock than any other organization, and there is no question about the fact that it is valuable, but it is worth remembering that the largest distribution of all of our securities is in New England, and the New England Company hasn't found, I believe, either in rate cases or in strike troubles, that there are any mass meetings of its stockholders who rise up in its support. The truth is that when people buy securities they buy six percent interest and no trouble, and if there is going to be a lot of trouble with the securities they want more money. In other words, the job can't be done by anyone specific effort, but you have to have all kinds of efforts and ceaseless activity.

Fundamental to it all, we have to build on the foundations of our service and we can't build any bigger than the foundations warrant, because if we build a bigger superstructure than the foundations ought properly to hold, the thing will probably fall down on us, and it would be worse than if we hadn't built it at all.

When I say that we can build on the foundations of our service, I mean that we can endeavor to tell the public what the actual facts are, both about our general policies and about our specific practices. If we find convincing ways of telling the people that our service is good, and their experience checks with our story, by constantly repeating it we can get them to believe it so thoroughly that they will say it themselves as if they had invented it.

Some railroads have had the courage to print the percentage of times that their trains are on time. That is a very specific and compelling exposition of the detail of their business. Perhaps we have not equally specific things that we can tell.

I am not going to try to outline at present any of the methods for trying to increase the public liking for us in detail – as Mr. Whitney phrased it yesterday. A year from now, I hope we shall have some studies that will be concrete enough to be worth while putting before you.

In the meanwhile, as much as I like to hear Mr. Whitney say that the general character and qualities of the Bell System are held in high public esteem, I think it is worth while mentioning the fact that that condition isn't automatic and won't

necessarily last unless it is constantly watched. Good public relations, like liberty, are only the result of constant vigilance.

For instance, I remember that, when I first went to work in journalism, among the foremost captains of industry were the overlords of the insurance world. They were prosperous and they served the public; they had built up great institutions but they hadn't analyzed their relations with the public or the conditions of their business in certain particulars; and suddenly they were confronted with the Hughes Investigation, and none of the great captains survived. The insurance that the public buys is as it was then; it costs about the same, but the insurance companies do not now invest in their own trust companies in the way that they did then. Some time later, the public became angry at the railroads because there were certain people in railroad circles who made too much money in financing, and because certain railroads were too intimately connected with certain political organizations. An attack was started on the railroads. Now, the railroads very truthfully told the public that the attack would cost the public money, and it did, but it cost the railroads a good deal more.

I do not mention these things because I think that the Bell System has the faults that these businesses had, but only to emphasize the fact that, 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, for the failure of the insurance men was entirely due to lack of understanding, not to bad intentions.

A business that constantly analyzes its relations to the public and its ideals and aims ought not to be caught in the way these businesses were caught, and that is what institutional advertising is. It is the analysis of these things set down in print and publicly subscribed to by the company that makes the advertisement. I don't believe that there is any better major insurance for a company than this practice.

Now, someone told me at the publicity conference that the institutional advertising for the Bell System ought to be done by the American Company, while the operating companies should confine themselves to productive copy. If institutional advertising is useful for the purpose that I have outlined, this theory cannot be entirely correct, for every company must have a character of its own, must do its own analyzing of its own conditions, and keep itself in harmony with its own public.

The policies pursued by those who have directed the Bell System have given it an almost unique standing among businesses in this country, and I believe the institutional advertising done by Mr. Ellsworth has helped much in spreading this reputation. If it has done half or even a tenth of the good that I think it has, it has been a most profitable investment, but again, that does not mean that it would not have been profitable also for the operating companies to have done the same kind of advertising.

Even the direct advertising, that is, advertising to get money results raises questions for analysis. Most businesses want to sell everywhere and at all times, but in the telephone business this is not so. We want to sell more telephones on one side of a city, but we may not want to sell any on the other side. Moreover, we don't have to sell to keep our market.

I am now getting on the subject which Mr. Cooper spoke of a minute ago. I didn't borrow it from him just now; I borrowed it from him last week. And that brings up the

question of whether we would not work harder to sell more telephone service if we were not a monopoly. It is one of the standard criticisms of a monopoly that it automatically lacks stimulation.

Now, if someone asks us how we explain the fact that automobile makers have sold more of their product at an average cost of something more than $500 per car as compared with the installation charge that we make; and a yearly cost of several hundred dollars as compared with an average of about $60; and, if they ask us how this happened—if it wasn't because we didn't have competition, I don't know just what the answer is. But that is the kind of thing which the public relations crew have got to analyze all the time, and have got to run around to ask other people what the answer is until they find it out.

I think it is a wise thing, therefore, for the public relations department to question everything that goes on in the company to see whether there is anything that is done or anything that is left undone that they couldn't explain to the public. Then we ought to go a step further, and see if we can figure out what the public will want to know next, and begin telling the public what that is even before it knows what it is going to want.

Right now there are all sorts of people making a great deal of money in this country. We are having a great boom. These are much the same conditions that existed when the railroads had their high financial era that I was talking about a while ago. And what brought the public to question the railroad situation was the question in its mind as to whether there were not some people who got a great deal more money than the service they rendered the public warranted. I think that same state of mind is coming around again. The causes are much the same as those that brought it before, and there are some indications that this is so; for instance, if you read Professor Ripley's article, you saw that he is thinking a little along that line; and the English economist, Mr. Keynes, has written a book in which he specifically mentions it.

As far as the telephone company is concerned, Mr. Gifford has already started making our position in this regard clear. I am not going to endeavor to quote him directly but to give you a little of the gist of what he said at Baltimore and Washington and Providence. The situation of the Bell System is this. In the first place, it has been going fifty years and there has never been a great fortune made out of it, although it was being built up at the time when, in many other businesses, the era of great exploitation was going on.

In the second place, you can see where all the money comes into the Bell System and where it goes out again and what becomes of it. There are no streams diverted into private channels. The money comes into the Associated Companies and to the Long Lines and it flows from there by dividends or the service contract or through the Western Electric into the treasury of the American Company. There is nowhere else for it to go, and there is no by-pass by which any of it can get out. That isn't true in a great many institutions, for many of them are established for the particular purpose of arranging the by-pass rather than the main channel.

Now when it gets into the treasury of the American Company, there is still only one place for it to go. There are 420,000 stockholders; there is no individual or no group that owns a controlling interest; there is no group that has any special interest in doing anything other than sound business; and, the consequence is, it is to nobody's advantage

to do any high finance of any kind whatsoever. The only place that the money can go is either in dividends to these 420,000 stockholders or back to the public in better service or lower rates.

Because of the fact that we have a service contract and a Western Electric contract, that story may be a little bit complicated, but it is sound and a complete answer to the question that seems to be arising in the public mind.

I would like to say one more thing about the Public Relations Department. We are probably the most dependent people in the world. All the other different departments depend more or less upon each other, but we depend entirely upon other people. All of the records and facts that we work with are created by other people, and we have particularly intimate relations with the commercial department. You do many things for us and we are mixed up with you in all sorts of ways, and I want to say particularly, in the words of Senator Willis, of Virginia, our efforts will be "about $1.97 shy of being worth a damn" unless you folks cooperate with us.

The plans that we have ahead are not very different from what we have had before; they are merely a continuation, but I might say one or two words about them.

Our machinery for operation you know perfectly well, because you operate most of it. The moving pictures -- this service has grown from showing to 2,000,000 people a year ago, to about 20,000,000 last year; the method of giving news to the press; the advertising. In all this, we have applied the same rule, or are applying the same rule, to the Public Relations Department that I was talking about applying to the whole business, that is, we have questioned everything we are doing. One of the first questions is about the advertising in the agricultural press. We spend about a third of the institutional advertising money of the American Company in the agricultural press. I suppose that a very large proportion of the readers of that press are on connecting company lines, if they are on any lines at all. Certainly in such cases as the Northwestern and Southwestern Companies, more than half of the readers of those papers are not subscribers of the Bell System.

There arises the question then, whether the direct Bell System institutional advertising, without any mention of a connecting company is a proper thing for us to continue to do. We haven't any answer to that, and if any of you have, we would be delighted to have it.

Another question that has arisen is the women's magazines. Women read other magazines, but there are at least six women's magazines that have an average of 2,000,000 circulation apiece. It seemed to us it might be wise to experiment in advertising in those magazines, on the theory that the telephones in the home, which I presume are something like half of those in the System, are used mostly by women. And, in any case, if the women use them, whatever the women think of them is likely to dictate the family policy.

The third thing in advertising that we have discussed, is a Long Lines program. The Long Lines advertised in the trade journals only, because the institutional advertising of the American Company had preempted all the better places. Perhaps I have overstated that, but I think they would have advertised in some of the other places if we hadn't already preempted those places. We have made an arrangement to open that

space to the Long Lines for direct advertising in such papers as The Saturday Evening Post, The Literary Digest, and The American Magazine.

I don't know whether I have said anything up to this point that Mr. Gherardi can use against me, but for fear I may make a slip from now on, I am going to thank you very much for your attention and stop. If there is anything you would like to ask me or anything you would like to tell me, I would be very glad to hear it.

Speech to the Bell Telephone System's Traffic Conference
November 1927

Page, A. W. (1927, November 11). Address. Speech includes remarks by Bancroft Gherardi on Nov. 7 introducing Mr. Page on his arrival at the conference. Speech presented at the Bell Telephone System's Traffic Conference.

Summary

Page speaks about the duties and responsibilities of the public relations department at AT&T and how this department functions in cooperation with other departments.

Public relations is responsible for watching the larger trends in business, gauging public opinion about an industry, and ensuring the industry is not in danger of being condemned by the public. Public relations also involves balancing the public's right to know and communicating the company's policies and practices. Page outlines the specific job responsibilities of various individuals within the company and explains how their job function contributes to public relations.

Key topics

Company Philosophy – Dallas Speech
Corporate Power
Finances – financial responsibility
Public Opinion – gauging public opinion, influencing public opinion, public's right to know
Regulations – Industry/Government
Internal Relations – internal relations
Public Relations – PR functions

Page Principles

Conduct public relations as if the whole company depends on it

Address to the Traffic Conference

Traffic Conference
November 7, 1927

REMARKS BY MR. BANCROFT GHERARDI
INTRODUCING MR. PAGE ON HIS ARRIVAL AT THE CONFERENCE

There are a number of places in which Mr. Page's work and the work of the traffic group touch very closely. Two aspects of the work Mr. Page is engaged in are: one having to do with the interpretation to the public of the company's policies, objectives, methods and results; the other the interpretation of the public, its reactions and its point of view

to the telephone organization. The men attending the conference are charged with the direction of the work of about one-half of the employees of the Bell System. These employees are making in the neighborhood of a hundred million contacts a day with the public. What this group does, their attitude of mind in regard to their work, and the results obtained from their work are of fundamental importance to the public. Therefore, what Mr. Page does influences the work of this group and what this group does is of importance in connection with Mr. Page's work.

Traffic Conference
November 11, 1927

ADDRESS

It has been a great pleasure to me to be here, and particularly to meet the group here personally. I have been very much interested in what has been said, and I have collected half a notebook of notes to work on when I get back. I have also enjoyed working on the insoluble problems of golf in the afternoon. I have been much interested in the commercial results and high frequencies of full houses in the Bell System in the evening.

There has been only one deleterious influence toward my happiness, that is the rule that Mr. Allen made against advertising. When Mr. Corcoran made it necessary that that rule should be worked on a man when he is in his home district, it seemed to me cruel and unusual punishment.

The public relations of business must, I think, be based on one fundamental idea. The public will not allow—and never has at any time—any combination of people or corporations or any industry to get more power or money for its services than the public thinks it should get. Its usual method of preventing a group or an industry from getting more than the public thinks its services are worth is regulation. I think some people are under the impression that regulation is a comparatively new idea. It is quite the opposite. The truth is that regulation was born with organized industry as far back in history as anybody has been able to find out. It has always been coextensive with it.

Probably the least regulation has been in this country in its early days. That arose from the fact that we began our industry right after the Revolutionary period, which tended toward individual rights. That was in industry as well as in politics.

Then, this being a new country, that theory naturally fitted because we lived far apart from each other, and the problems arising out of dense population didn't begin to affect us. We, as usual, evolved a political and economical philosophy to fit our needs. We readily agreed that the object of society was the greatest good of the greatest number and further agreed to Mr. Adam Smith's corollary that "the natural effort of every individual to better his own condition" was the best method of producing the greatest good to the greatest number.

When a go-getter business man looked over that philosophy in a growing country, he naturally changed it to this effect: The natural effort of every business to make the most money for itself was the greatest good to the greatest number.

This country was going happily on that philosophy when the much older tendencies of society to take power to itself became manifest. I suppose one of the most

interesting examples of that was the agitation against the Standard Oil Company years ago. That is a rather interesting case, because at the time it arose that company was doing an almost perfect operating job. It was serving the public exceedingly well. It had made very extensive improvements based upon business imagination in the use of pipe lines, the use of tank distribution-wagons, and it was really changing very much for the better the living conditions of a great number of people.

In spite of that, the public got to feeling that it was getting more for those services, both in money and in political power, than it deserved, and without hesitation the public condemned it. That isn't an isolated case. There are a good many more industries that have been through that process or something similar to it, than we are likely to remember.

Another interesting instance was the packers. It is hard to conceive of any industry (if you haven't thought of it particularly) that added more to human comfort than the invention and perfection of methods of refrigerating and distributing fresh meat, for there were very large sections of this country that practically never had fresh meat, except chicken. The packers did a great public service at not an excessive profit, and certainly their operations from a technical point of view, were exceedingly able and their total result greatly to the benefit of the public. Yet the public was so severe in their condemnation of them that they finally put part of that business in the bands of receivers.

The railroads had a similar experience.

These people and many others, when the public started to attack them, felt they were operating exactly according to the rules as then laid down and often that was true. For instance, the thing that the public fastened on against the Standard Oil Company, or one of them, was the use of rebates. That was nothing in the world except a discount for quantity buying, which is common in most other parts of business. The public wouldn't allow the Standard Oil Company to get a discount for quantity on the railroads, and it changed the rules in the middle of the game.

The problem of public relations fundamentally, therefore, is to see that the industry involved isn't in danger of being condemned, even though its operating performance may be exceedingly good, for there may be elements which will render even the best technical performance ineffective to keep the company or the industry, as the Bell System really is, high in the public mind.

I think in the Bell System we are less in danger than in almost any industry I have ever observed (I speak of this as of before I came to the System) because there is in it a spirit of service which will make people instinctively, without reasoning, tend toward meeting the public point of view and make them automatically keep out of the troubles that some of the other industries have gotten into.

In that connection, I think it would be very interesting for every one here and all other supervisory people in the System to read with a good deal of care the statement of policy of the company which Mr. Gifford made at Dallas.

There are not a great many companies or industries which ever have stated to the public the fundamental policies on which they were contracting to do a national service

to the public. That statement of policy was largely financial, and yet, like all budgets, the financial statement presupposes most of the other philosophy of the business. What he stated there was something to this effect: That while in the ordinary business (he didn't, of course, mention other businesses in his public address, but I may here) the setup is something like this: The industry pays for its labor and its material, its management and its taxes, and its incidental expenses, and the rest of the money goes to the people who provided the capital for the industry. It is on how much "the rest of the money" is that the public is sometimes sensitive.

His statement at Dallas was to the effect that in the Bell System the telephone industry pays for its labor and materials and management and taxes and incidental expenses at the ordinary fair rates. It also buys its money at fair rates and the rest, whatever that may be, goes to the public, either in improved service and facilities or lower rates.

It seems to me that that ought to mark quite an epoch in the telephone industry because it should remove from us one of the things, which most bothers the public, and that is, who gets the excess profit, as the public considers it?

I didn't want, however, to go over his speech in detail, but merely suggest that you study it with a good deal of care, for I think that it is the fundamental basis of our public relations. It may be that you would want to discuss it with your associates and make certain they read it and understand it.

The Public Relations Department's primary object, of course, is to watch, not only these larger trends of business and their relations to the public, but also the routine practices in our industry, because sometimes the larger trends of public opinion are made up of judgments on combinations of practices. Besides watching those and advising upon the policies affecting them, it is the task of the Public Relations Department to explain what the policies and practices of the System are. That latter part has been long recognized by most industries. It didn't arise in most cases from any philosophy, but it arose from this set of facts: When these industries were attacked, the point of attack that the public used was the newspaper, and those managing the industries, feeling pain at that point, tried to hire away somebody of the attacking forces and turn him on their side. The first move was to get a reporter or newspaper man and try to get him to keep the boys in order or more or less friendly.

That wasn't a very high method of procedure, but that is really where it began, and a sort of public consciousness of that still remains so that publicity departments have not now in the public estimation entirely recovered from the imputations which their origin justify.

Then the next step after that was a realization that the public really had a right to know a considerable amount, and business got to a stage where it had men whom it thought would present a case as well to the public as a lawyer presents a case, but they were not really in any sense part of the organization. The man didn't present the case because he knew it in all of its details and presented it out of his own knowledge naturally and easily, but he was given the case all wrapped up and told, "Here are the facts, you put them out." That was perhaps better than the first step, but not particularly fundamental.

I think the philosophy of having a Public Relations Department which is really in touch with and a part of the managerial group so that, in addition to presenting the company's point of view to the public, it can act as the agent for the public inside the councils of the company in trying to explain what the public is likely to think of things and what the public's point of view is, is a sound way of going at it.

In following that we have at 195 divided up the work in this manner: We have set up Mr. Cook in a division that has charge of all the advertising of the American Telephone and Telegraph, the Long Lines and the Bell Securities, and that advertising which is done for the System in general in the college papers.

We have Mr. Banning who has the material which we send out to the public, that is, the Quarterly and press clippings and the news items and movies, in fact all the information that goes to the public and to the publicity departments of the Associated Companies from 195.

Mr. O'Connor has just come to us from St. Louis. He is in charge of what we call, for lack of a better name, a laboratory to study what the different Associated Companies are doing in their public relations to try to collate that information to gain what general data we can from it and to build up a body of experience so that as occasion may require, we would be in a position to furnish different companies with the results of the System's experience somewhat in the same manner as is done by the other technical departments.

In that latter part, we haven't been in operation very long, but we would, for instance, have such problems as that of your advertising in all the different companies for call-by-number business, or station-to-station business. I have noticed in the last four or five months there is the greatest diversity in the methods by which just the advertising part of that problem is attacked. Hardly any of the companies has gone at it in the same way. Some of those ways must be better than others, and if we collate all of that information we ought to be able in time to get an indication of which direction is the best.

In closing, I would like to ask you to bear in mind that both sides of its work, both in keeping the point of view of the public to the company and the point of view of the company to the public, can only function successfully in the Information Department with the complete cooperation of all the other departments. We are without means of effecting things, except through the other departments. We have no desire to set up any organization beyond those that are necessary for the business of putting out our information. What we do want to do is to cooperate with the rest of the departments that are already functioning.

Thank you.

CHAIRMAN ALLEN: I am sure that I am expressing the thoughts of the conference when I tell Mr. Page that he has won our hearts and our hands, and that we here and now make him a traffic man. At the same time, every one of us will try to be at least an assistant information man.

Speech to the Bell Telephone System's General Operating Conference
May 1928

Page, A. W. (1928, May). Public Relations. Speech presented at the Bell Telephone System's General Operating Conference.

Summary

Page highlights the company's public relations' challenges and stresses the importance of streamlining the company's message.

It is not feasible to eliminate every manifestation of public displeasure; therefore, the best public relations strategy is to implement a good offense. Page believes AT&T has been successful in convincing the public that the telephone business has to be a monopoly, but it has not succeeded in alleviating the public's suspicions of a monopoly. The importance of having a consistent and clear message that resonates with those inside and outside the company is important. The "Dallas speech" which outlines the company's philosophy, has streamlined the company's message and has helped employees and the public gain a better understanding of the company's perspective. Each employee should consider themselves as part of the sales department. The company should continue to communicate with employees within the organization as well as those outside the organization as both influence public opinion.

Key Topics

Company Philosophy – Dallas Speech
Employee Relations
Corporate Power – fear/suspicion of big business
Sales
Public Relations – Message – streamlining your message
Monopoly – suspicion of monopolies

Page Principles

Listen to the customer
Manage for tomorrow

Public Relations

General Operating Conference
May 1928

PUBLIC RELATIONS

The list of troubles which Mr. Gifford outlined to you the other day, such as rate cases in California and Texas, and bills introduced in Washington, and other similar things, is one indication of the deficiencies in our public relations; there is a further indication made up of those things which we would like to do, which we think we ought to

do, but which we are afraid to try to do. Added to this you have to realize that the present is a peculiarly favorable era for all big business, not only ours, but every other one. So that amount of trouble which we are having at present is a good deal less than we would have if we were doing the same things in certain other times. So while it is particularly good sailing now, it is a fine time for us to get ourselves in order.

It seems to me almost hopeless to endeavor to correct the troubles that arise in our public relations by running around trying to put salve on each manifestation of public displeasure. That means meeting one kind of attack here, another kind over there, and being continually and all the time on the defensive.

It is for that reason, it seems to me, that a constructive policy which will forestall and prevent public attack, is the only answer to the problem, on the theory that the best defense is an offence, and that is why the affirmative policy of the Dallas speech is so important to us. It is simple enough to explain, as the personnel people have already to a large measure explained it, to the whole personnel of the Bell System; and with that policy almost anybody in the Bell System can explain affirmatively what we are trying to do and also to defend any of the practices which we are engaged in. That means that with such a philosophy well in the minds of the people, it is perfectly safe to allow a very much greater latitude in talking to the press, to the public, or to any agency of the public, than it was when each case had to be considered separately and some particular answer made for it.

Let me give you an example of how this thing works. There is a local manager in Asheville, N.C. who two or three months ago started going around the town getting hold of the key people, a newspaper editor or two, some of the more prominent lawyers, and a doctor, and so forth. He explained to them that there was going to be an adjustment or raise in rates in Asheville. About that time the Dallas speech came out and as a part of the routine he got it to the newspaper editors. About ten days later, when the editor of the Asheville Citizen had had time to go over the policy, there appeared an editorial in the Citizen discussing the philosophy of the Dallas speech, quoting that part of it which said that the policy did not mean that one of the parts of the System should bear the burden of another part, explaining that that applied to the situation in Asheville, that they had been growing very rapidly, the thing was not paying its way and they were going to be confronted with a raise in rates, and that that was the basis on which it was coming. If we had sat down and spent a week trying to explain that thing we wouldn't have done as good a job, and it was entirely voluntary on his part.

Of course, you probably won't get 100 per cent performance like that, but I don't think such a thing is possible without your general philosophy. It now is possible. The only question is how near to the possible maximum can you get?

At the Publicity Conference we discussed the necessity of reaching these thinking leading people, of watching for every opportunity to bring the Dallas Speech to their attention. I don't believe that you can just set out and visit one of them after another in office hours and tell them your story, because that won't work in just that way. But if you know who you are after and what you want to tell them, you will find a great many opportunities to reach them.

Of course, this won't be done unless it is planned and checked, engineered, and supervised. But it can be done if the various companies are really seriously engaging in

watching for it and endeavoring to work it out. It might take a little time, but it won't take a large force, and it can be, I think, effectively done, and when it is done it lays the groundwork for the future in a way that I don't think any other public relations method will do.

By doing this, you reach the public, of course, in two ways. One of them is directly, and when you talk to the public, as someone said this morning, you also talk to the personnel in the Bell System because they are all part of the public. Also, when you talk to the personnel in the Bell System you talk to the public, because they all see the public. So that those two jobs are entirely synchronized. They have to go together. They have to tell the same story at the same time.

This thing that I have outlined to you is the first and largest thing we have on the program of the Publicity Department. It was discussed for a couple of days at Pinehurst, and I think that you will find that all of your Publicity Departments are willing and eager to go on.

If Mr. Wilson will excuse me, I am going to trespass upon his preserves a minute or two.

We have convinced the public that the telephone business has to be a monopoly. We haven't, however, freed the public mind of its suspicions of monopolies. It suspects monopoly of tending to commit various crimes against society, (1) in trying to get too much money out of the public for the service which it renders, which is one of the common reasons for the existence of a monopoly. I think the Dallas policy answers that. (2) It suspects monopoly of lacking incentive and energy for improvements and desire to serve the public. We have set up the laboratories to produce the material improvements, and I think that is the answer to that: the Laboratories, and the staff. But the desire to serve to the fullest extent is usually based on the desire to sell. That is the manifestation of it which the American public most easily recognizes.

I think we have to push our wares exactly as if we had competition. It is characteristic of the monopoly to give the public what it thinks the public ought to have. It is characteristic of other business to give the public what it wants. This second attitude is essential to good public relations. I think it is more fundamental than anything else, except the Dallas Speech, and as a matter of fact it is an essential part of the Dallas Speech, because in the Dallas Speech Mr. Gifford said we were going to give adequate telephone service, and if we don't give them all that they can profitably, comfortably, and conveniently use, we aren't really fulfilling our job.

In this general picture, I should like to read you something that was written a little while ago by a shovel manufacturer. I think it has pretty clearly the ordinary business point of view about selling.

"Quite a few months ago I was asked, What is the relative importance of the sales and manufacturing departments? It then developed that this question was asked because the superintendent of the company had endeavored to determine the point. He had created an issue because of a few decisions contrary to his recommendations concerning certain matters of company policy.

"The question strikes me as being a foolish one. In my opinion, this thought should not be allowed to exist in any form. The superintendent should have been promptly answered to the effect that there isn't any relative importance; we all belong to the sales department. That is all we are in business for, to sell the product that we manufacture. However, it is not necessary to have opposition or jealousy between departments, in order to develop a dangerous attitude. Indifference is just as harmful, and indifference prevails in too many organizations. I refer, of course, to indifference as to what another department is doing, and indifference to the part that any department plays in the whole scheme.

"What becomes of a concern, the manufacturing department of which thinks that its sale mission is to match wits with the cost sheets, and that it has to answer only to the superintendent, whose role in turn is entirely apart from any other in the plant? How can an organization possibly be successful when the plant executives feel that what ever happens after the product leaves the factory is the problem of the sales department? Similarly, what becomes of the concern whose auditing department deals only in figures, and has nothing further in view than the end of the fiscal year? What becomes of the concern whose purchasing agent is interested only in the lowest bid, and who is not interested at all in the preservation of good-will?"

I think that is the ordinary state of mind of most American business, and if we do not wish to be peculiar and present for ourselves an exceedingly difficult public relations problem, I think we have to conform to that general conception.

The desire to sell has another bearing also. Mr. Barnard said the other day that there was no one in the Bell System below the general manager with an overall business point of view. When everybody is selling, at least on one point, everybody from the office boy up will have an overall business point of view. So that the sales psychology not only has the advantage of selling, but produces a common objective which crosses all functional lines and knits the whole organization together. And certainly what we were told this morning proves that the Bell System people can not only sell stock, which they have done, but they can sell telephones, which they know more about.

We agreed at the Publicity Conference that unless the Bell System was selling what it had to sell as hard as it could, there would be a bad hole in our public relations, and we discussed how we could cooperate with the selling program which Mr. Wilson is outlining, or any other which you took up. What we can contribute actually isn't a great deal. There are pamphlets and advertisements, either in the papers, or by mail, and in other ways, such as Mr. Chesterman described that Mr. Schauble has helped him with; there are stories for the magazines—and in that connection, I think that the publicity departments everywhere have to start working on a changed psychology toward the telephone, that is, a psychology that the normal man or the normal family ought to, have all the telephone facilities that they can conveniently use, rather than the smallest amount they can get along with.

That kind of campaign, which is partially advertising and partially publicity, has often been carried on in the United States. Campaigns of that kind have increased the sale of California fruit. They have built up habits amongst the public to use certain things. There are a great many cases where such things have happened, and there isn't, the slightest reason, if we are all serious-minded about this and really mean to do it why we can't accomplish it.

I was interested in something Mr. Stoll said. He explained that there were 142 different kinds of switchboard cables, which the Western Electric delivered last year to the Associated Companies. From what he said (I don't know very much about his work) I gathered that was quite a degree of personalization in the service. And I couldn't help thinking at the same time that the associated companies were getting that amount of personalization of service, they were giving to the public one black desk set, a hand set, a wall set, and one of those black buttoned intercommunication systems. In other words, it seemed to me in discussing standardization that you have concentrated more on the public than on the operating forces. The emphasis might be changed a little bit and it might help with our public relations.

In this selling business there is a phenomena that has disturbed a good many people in the last ten years and that is Henry Ford. He seems to be an exception to all rules. He made one little black instrument, too, and it did just what ours did: when it got started, it went fine, and so did ours. But, you know, Henry has recently come to the point where he realized he had to make a change and I think now that he has made a lady out of Lizzie, we might dress up these children of the Bell System.

Speech to the Bell Telephone System's General Commercial Conference
June 1928

Page, A. W. (1928, June). Public Relations and Sales. Speech presented at the Bell Telephone System's General Commercial Conference.

Summary

Page reviews the company's advertising program in detail. He highlights various advertisements and discusses the messages they are trying to convey. He also explains how as a monopoly, and the largest corporation in America at the time, AT&T should operate as though it has competition and offer the public the best possible service at the least possible cost. Page also discusses the need to change household perceptions of phones and his desire to create more of a need for them in the minds of consumers.

Key topics	Page Principles
Advertising	**Manage for tomorrow**
Company Philosophy – Dallas Speech	**Conduct public relations as if the whole company depends on it**
Sales	**Remain calm, patient and good-humored**
Public Relations – Message – streamlining your message	**Realize a company's true character is expressed by its people**
Monopoly – suspicion of monopolies	

Public Relations and Sales

General Commercial Conference
June 1928

PUBLIC RELATIONS AND SALES

The Bell System is a monopoly. Under Mr. Vail's administration the public was convinced that the telephone system ought to be a monopoly, and it has acquiesced in that ever since. However, neither we nor anyone else has ever convinced the public that monopolies are, per se, a good thing, and there is still a general suspicion of monopolies, which puts us under a particular obligation to conduct ourselves even more carefully than other industries. 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.

The Dallas speech, which Mr. Gifford was going to talk to you about this morning, is an answer to the first suspicion, which the public has of monopolies. As you know, the fundamental idea in that speech is that the Bell System does not exact the last dollar that the law would allow us to take. We voluntarily give up any money above that necessary to continue to conduct the business and give the best possible service.

The Dallas speech provides us with a philosophy which is so simple that all of the personnel of the Bell System can understand it, and can use it to explain what the Bell System is doing and why it does what it does.

It was particularly interesting at the Publicity and Personnel Conference to hear the way in which the operators and linemen and other people had grasped the essentials of this, and the vigor with which they explained it in the very homely comparisons which occurred to them and which, I might say, very often were very much more effective than the explanations that we had been using.

The other part of the public suspicion is that a monopoly doesn't do enough work for the money it gets. There is a good deal of reason for that.

For instance, I don't know whether you are all familiar with the American Tobacco Company history. It was built up to be one of the greatest companies of the world. It had a reputation for being efficiently managed, just as we have, and it supplied a very large part, probably 90 per cent of the cigarettes that were used in this country, and it had formed the British-American Tobacco Company, which was rapidly getting into the same position in foreign fields. It was hailed as a great evidence of American achievement in big business.

Then the Government instituted a suit to dissolve this company, and business circles said that was just the ordinary foolishness of governments.

The Government did break it up and divided it into three parts. About the same time a fourth tobacco company appeared on the scene, the Reynolds Tobacco Company, and these four started out to compete. In ten years time they had increased the sale of cigarettes from 16,000,000 to 96,000,000 annually. In other words, the Government was quite correct, and the business opinion was quite wrong, for the competitive condition produced very much more rapid growth than the monopolistic condition.

I don't believe that we are in the position that tobacco company, but it isn't a bad idea for us to realize that we have got to provide from within ourselves a motivating force to keep us providing the public with the best possible service at the least possible cost, which is forced on most other people by active and direct competition.

Of course, we have set up the laboratories and the general staff system to provide material improvements, and they have provided improvements in materials and methods, so that the progress in the telephone industry has been as marked as that in any of the competitive industries.

But the desire to serve to the fullest extent usually accompanied by the visible evidence of the desire to sell, and that is the particular thing, which the public will recognize. They are accustomed to using that criterion.

If we are going to show that our monopoly is different, 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 of other businesses to give the public what it wants.

The second attitude, I believe, is essential to good public relations, and I think it is more fundamental to good public relations than anything that is within our control, except the Dallas speech philosophy and, of course, as Mr. Gherardi pointed out, it is a part of that.

As a matter of fact, when we were discussing the annual report from which Mr. Gherardi read the sentence containing the words "adequate telephone service," I tried a couple of times to suggest a further sentence in that paragraph which would definitely state our policy to be one of active and aggressive and positive selling. I wasn't able to phrase that in any way that wasn't a public confession.

Now, I don't mean that we haven't pushed our services to a position where they are comparable with the distribution of many other services and wares, but I don't believe that we have produced quite the effect which we have sometimes thought. For instance, there was current in the printed matter of the American Company, the statements that we had 60 per cent of the world's telephone development, that various towns in the United States had more telephones than China and Portugal and Spain, and various self-congratulatory statements of that kind.

If you analyze those things, we have done pretty well, but we are not so completely in the lead as they would lead you to believe.

For instance, if you take the telephone development per hundred population, it is true that we stand very high. We have 15, against 7 for Germany and 9 for Denmark. On the other hand, you have to recognize that the purchasing power of the United States is infinitely greater than any of those places. If you check our distribution of telephone service in proportion to the per capita national income, which would be perhaps not accurate but at least somewhat nearer a fair statement than the other, you will find that while in the United States 1.20 per cent of the per capita income is spent for telephone service, in Sweden it is 2.06 per cent, and in Denmark 1.70 per cent. We are still considerably ahead of Great Britain, and a little ahead of Germany, which is 1.17 per cent.

In other words, we haven't in that particular case made so remarkable an advance as our original statement seemed to indicate. Moreover, while we spend a higher proportion of our per capita wealth on telephones than the British, the British Post Office has distributed telephone service to more people than the automobile manufacturers have sold automobiles to, while in this country just the opposite is true.

In comparing the growth of the telephone services with other services in this country in the last five years, the growth of population has been 6.5 per cent, the increase in telephones 29 per cent, telegrams 16.8 per cent, letters (which is a Government monopoly) 25 per cent—about 4 per cent lower than we are. Light and power companies have increased their kilowatt-hour sales 81.2 per cent, and the gas industry, which some time ago was a rather dying industry, have increased theirs 56.7 per cent. The railroads, which have not been particularly prosperous, have increased theirs 27 per cent, which is 2 per cent lower than ours.

When you check our distribution in that way, it shows us that we have ample room to go ahead and push our business, and we not only have ample room, but it is our obligation, because, as Mr. Gherardi read, when the Bell System accepts its

responsibilities for a nation-wide telephone service as a public trust, that means adequate service for everybody, and the most that they can comfortably, conveniently, and profitably use.

Of course, we can't do this except at a profit. Other people in distributing their wares, have been on a somewhat different basis than we can be. The automobile, of course, has reached its present distribution because it fills a public need, but it is doubtful if it would have reached anything like its present distribution if it had not been sold in the extraordinarily aggressive manner, which has been employed. The Automobile Merchants Association estimates that the automotive industry spent $120,000,000 for advertising in 1927. The telephone industry spent about $3,500,000. There were 225,000 salesmen engaged in selling automobiles, exclusive of the allied lines such as tires and accessories. In other words, there were two-thirds as many automobile salesmen as there are people in the whole Bell System.

The automobile people not only sold automobiles but they financed the campaign which sold good roads to the country, and of course in a certain sense, the money spent on good roads was the greatest subsidy any industry ever had—because it practically amounts to a large part of the plant for automobile transportation.

The automobile industry went on the basis of high profits, high sales expense, high pressure and high development, that is, they all did except Henry Ford. Most of his career he let the others do the selling of the general idea, spend the money in advertising and publicity, and he reaped where they sowed by offering the lowest-priced product.

Now, with us, as with Henry Ford, the cost of manufacture and selling in our industry are as low as they can be and we give a low price to the public, but we haven't the advantage that Ford had of having somebody else to sell our idea for us.

The light and power, industry was also built up on a different basis of sales than ours. The actual operating companies in the light and power business have not advertised and sold their services on any very different basis than we have. In 1926, 210 operating companies reported spending six-tenths of 1 per cent for advertising. That is just about what we did. However, other people have done a great deal of advertising for them. The General Electric and· the Westinghouse and the radio manufacturers, the electrical supply stores and every manufacturer of any appliance that uses electricity, pushes the power company's sales. General Motors spends more in advertising its electric refrigerator, Frigidaire, in a year than the American Telephone and Telegraph Company does altogether, and this advertising is only indicative of their other selling efforts.

In both the motor and electrical industries, while standardization has gone far, it has still left a great variety of products with which to make their appeal to the public. In the telephone industry we have, in the public's estimation anyway, fewer things to offer and no one to help us offer them. Moreover, we have so small a margin of profit as to preclude many of the methods used elsewhere, and added to that, it seems that in some parts at our business, such as the exchange business, there isn't the same profit in increasing the business that there is in other lines of industry.

However, we have compensating advantages. The Bell System is entirely unique in one respect. It is the largest corporation in America but it does a retail business. It has

one employee for each $9,000 invested. The gas companies have one for every $25,000, and so forth.

The contacts between the telephone employees and the customers they serve are more frequent than in any other industry, and the nature of our business is such as to make all these contacts important, not only from a public relations but from a possible sales point of view.

In other words, we have ready-made for us our whole force as a possible selling force. And when it is a selling force, it is automatically engaged in improving our public relations.

In this connection, I would like to read a letter from a shovel manufacturer, which has the point of view that I am trying to illustrate.

"Quite a few months ago, I was asked what is the relative importance of the sales and manufacturing departments? It then developed that this question was asked because the superintendent or the company had endeavored to determine the point. He had created the issue because of a few decisions contrary to his recommendations concerning certain matters of company policy.

"The question strikes me as being a foolish one. In my opinion, this thought should not be allowed to exist in any form. The superintendent should have been promptly answered to the effect that there isn't any relative importance; we all belong to the sales department. That is all we are in business for, to sell the product that we manufacture. However, it is not necessary to have opposition or jealousy between departments in order to develop a dangerous attitude. Indifference is just as harmful, and indifference prevails in too many organizations. I refer, of course, to indifference as to what another department is doing, and indifference to the part that any department plays in the whole scheme.

"What becomes of a concern, the manufacturing department of which thinks that its sole mission is to match wits with cost sheets, and that it has to answer only to the superintendent, whose role in turn is entirely apart from any other in the plant. How can an organization possibly be successful when the plant executives feel that whatever happens after the product leaves the factory is the problem of the sales department?"

If everybody in the telephone business were trying to sell the services of the company you wouldn't have very much trouble with the public.

If every telephone company employee acted toward the public in every public contact as if he were the owner of a small business and the person he was dealing with were his best customer, nearly all the problems would be done. If occasions arose under those circumstances when he would feel it was all right to say that there was a rule of the company against doing what the man wanted, or if he wanted to tell the fellow to go to the devil—if he would do it if he were in a small business and this was his best customer, then probably it would be all right in the telephone business—but I think that it happens more often in big corporations than that rule would warrant.

I was interested at the Operating Conference to hear Mr. Barnard say that he believed that there was (I think he said) no one below the General Manager's position in a functional organization who could easily have an overall point of view of the business.

Of course, if everybody was engaged in selling, at least on one point—really on two points—that it, on sales and on public relations everybody would have an overall point of view.

At that conference also, Mr. Gifford made a statement of his point of view in deciding such matters. He said that he had made it a practice recently, whenever any question came up as to whether we should do a certain thing or not, to cheek his answer by the fact that if we had active competition from another telephone company, would we do it? And, it is quite surprising to find out how many times you would do it under those circumstances when you wouldn't do it perhaps under others.

That doesn't mean we have to go to the full extent of the kind of competitive selling that is becoming more or less common in this country at present. The country has a great overcapacity for production and there is great pressure in many lines of industry to find greater outlets so that they can continue to produce at low cost. This has driven some concerns to desperate, not to say absurd, methods of selling—really overselling—and violent stimulation which have produced what many people call prosperity without profit.

For instance, in a recent article in Harper's, a man criticizing that state of mind, quotes a paragraph from a story about Mr. Fred F. French, a nationally-known real estate operator in New York, as follows:

"The best example for a sales talk is the life of Jesus Christ," continued Mr. French, with eyes alight with vim for the competitive fight. "He was the best salesman of all times. He said, 'knock and it shall be opened unto you.' What He meant was 'keep knocking until the door is opened and if it isn't opened pretty soon kick down the door. That's my philosophy, too."[1]

Of course we are not in that position; we don't have to do the absurdities, because the manufacturing end of our business isn't the place that controls. We begin with the desire to serve the public in the best way we can and we work back from that. These fellows who are talking in that language begin with the plant and with such and such a capacity and work out from that. We are not under the need of over-stimulated methods of selling, which in the long run do not produce the best results. We are more nearly like these fellows that started to run from Los Angeles to New York the other day. If they had started off and made the first hundred yards in 10 seconds they wouldn't have been much good for the rest of the way; they would have had to stop and lie down a while. As it was they kept a continuous and steady progress.

The kind of sales that I think would do us the most good, not only from a commercial point of view, but from the public relations point of view, is a continuous, steady effort. I don't mean by that any criticism of the week's extension campaigns, because they have a specific and limited objective, but they do not provide the same result in the long run that it seems to me the Bell System ought to get—a continuous, steady selling campaign, the idea of selling just as universal and continuous in the

[1] *From "Prosperity Without Profit" in June issue of Harpers Magazine.*

System as the idea of providing service. It would seem to me just as out of line to say that we would sell for three or four months and then stop, as it would be to say we would give good service for three or four months and then let it run down a while. It is an integral part of our every-day business, and we will not get the public to believe that we are doing our job unless it is continuous and constant and effective, because they instinctively discount these "fits and starts" methods followed by lack of attention for long periods—they know perfectly well which companies are working all the time, steadily and effectively, and which are not.

In discussing how the publicity department could begin to help the commercial department in such a selling campaign as Mr. Wilson has been advocating, the discussion both at the Publicity and Personnel Conference and at the Operating Conference seemed to center upon two things— toll, and convenience in the home. The opportunities for toll selling you know better than I do, and I am not going to take much of your time on that. But in the selling of convenience in the home, I believe the publicity department ought to be able to help, and the first thing to do is to attack the inverted public psychology, certainly in the public and to some extent in the Bell System, as to what kind of telephone service people ought to have in their houses.

A friend of mine told me recently with great pride, about remodeling his house. He told me a lot of things he was putting in, Frigidaire and all the rest of it, and I said, "George, have you thought of making any arrangements for your telephone?" "No, I have a telephone, and one in the kitchen." Well," I said, "Suppose you let somebody from the New York Telephone Company come and talk to you about it and see if there isn't something more than that." He said, "All right," but it didn't seem to impress him that there were any other possibilities; he thought he had it all. Before Mr. McHugh's people got through with him, however, he had an intercommunicating system and about six telephones. I don't know how hard that job was to do, but anyway it was possible because it was done. About a week later I ran into his brother who was also building a house, and he said, "How it is that you take care of George and you don't say anything to me about these telephone affairs."

I am quite certain that there are a great many people who are perfectly willing and certainly perfectly capable of paying for telephone service who would immensely enjoy the comforts of being able to have a telephone at hand in a comfortable chair where they are reading, instead of jumping up and running to the coat closet or chasing around to the pantry or some other place, but it hasn't dawned on them that that can be done. Part of the reason it hasn't dawned on them is that we haven't told them about it.

I had an indication soon after I came to the telephone company of that state of mind inside the organization. I ran across an article for the Bell System Quarterly which bothered me—I didn't know for a while what was the matter with it—but this article went on at great length to explain with pride how small an amount of American families' incomes was spent for telephones. There isn't another business you ever heard of that would go out to prove that with a long array of statistics.

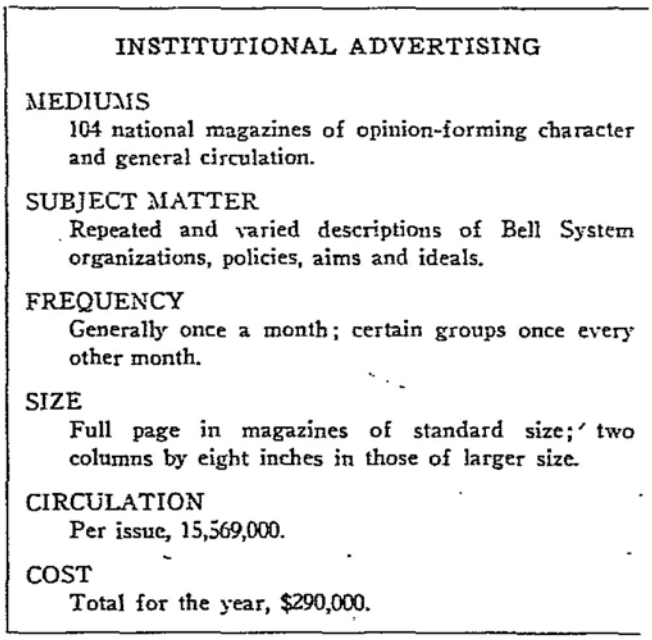
There has been also the point of view about not using the telephone for frivolous conversation. That is about as commercial as if the automobile people should advertise, "Please do not take this car out unless you are going on a serious errand." You know, it takes a long time to get an idea into the public mind, and an equally long time to get it out again, and we are faced, I think, with the state of public consciousness that the telephone

is a necessity and not to be trifled with, certainly in the home. Of course, in business offices people have to use it, and not only that, but our commercial departments have been very much better in working on them. We have a condition where we have a really very fine development for business and a very inadequate development for the convenience and comfort of people at home.

If you want to test that, all of you people who get your telephones at less than the normal price check up and see what you have in your own houses and how comfortable it is to telephone. We have tried it around "195" with results of which we are none too proud.

Now in this effort which we are making in our small department to aid this change in psychology we have an advertising program of which I would like to show you some of the elements in the form of charts, which Mr. Cook has kindly prepared of the work under his charge.

Figure 1 is a summary of the institutional advertising which the A. T. & T. has always done. The object of it, of course, is to portray to the public our character, aims, ambitions and ideals. Two examples of this are that in Mr. Vail's day institutional advertising was used as a means of convincing the public that a competitive system was not possible and that you had to have a monopoly; and that we are now trying to use it to explain the Dallas speech philosophy, to get the people in the United States to know the character and object and aims of the Bell System. This is a preventive kind of publicity, and to my mind exceedingly effective, because you can't run around and put salve on every sore that appears in the world. You have to find some way of correcting the thing before it breaks out.



INSTITUTIONAL ADVERTISING

MEDIUMS
104 national magazines of opinion-forming character and general circulation.

SUBJECT MATTER
Repeated and varied descriptions of Bell System organizations, policies, aims and ideals.

FREQUENCY
Generally once a month; certain groups once every other month.

SIZE
Full page in magazines of standard size; two columns by eight inches in those of larger size.

CIRCULATION
Per issue, 15,569,000.

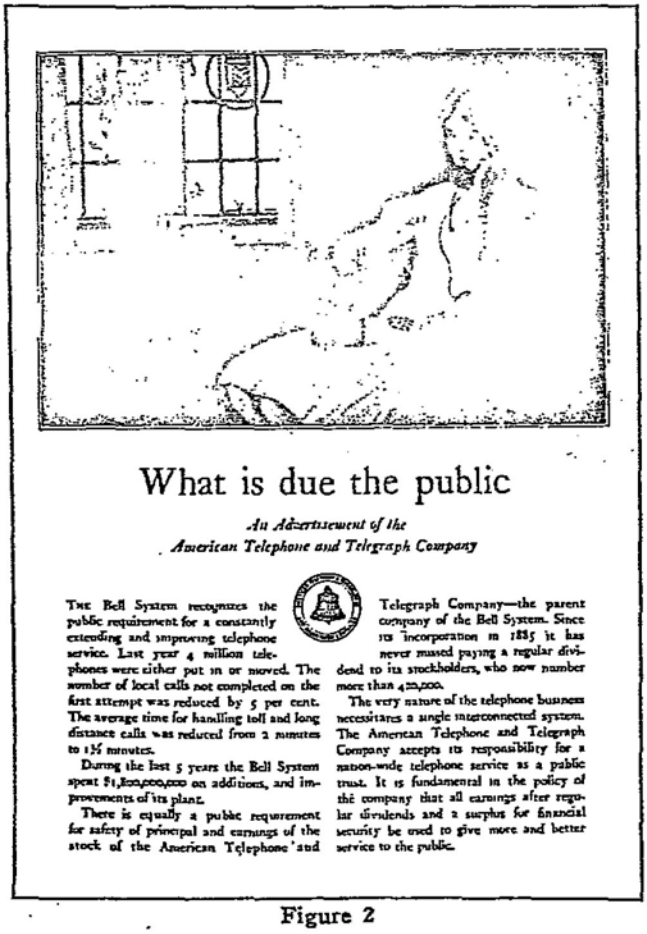
COST
Total for the year, $290,000.

Figure 1

The amount of understanding of the Bell System, which has been evidenced from time to time since the Dallas speech, is very gratifying.

You will note from Figure 1 that there are 104 National magazines—that is pretty nearly all of the reputable ones in that class that we can find. In these advertisements you will see the repeated and varied descriptions of the Bell System organizations, policies, aims, and ideals. They are run once a month, full-page in the standard size magazines, and reach about 16,000,000 people, and it costs us about $300,000.

Figure 2 is a sample of these advertisements with which you are all familiar. We are still running one month after another, this item in the advertising, "The American Telephone & Telegraph Company accepts its responsibility for a nation-wide telephone service as a public trust." What we mean by that is explained in the text one month one way and one month another way. This is similar to the idea employed last year in quoting the statement from last year's Annual Report: "The ideal and aim today of the American Telephone and Telegraph Company and its Associated Companies is a telephone service for the nation, free, so far as humanly possible, from imperfections, errors or delays, and enabling at all times anyone anywhere to pick up a telephone and talk to anyone else anywhere else, clearly, quickly and at a reasonable cost." The theory of repeating is that it is pretty hard to get a message to people unless you repeat it over and over again, so we only have about four things a year to say and we say them over at least three times; sometimes we only have three and say them over four times.



What is due the public

An Advertisement of the American Telephone and Telegraph Company

THE Bell System recognizes the public requirement for a constantly extending and improving telephone service. Last year 4 million telephones were either put in or moved. The number of local calls not completed on the first attempt was reduced by 5 per cent. The average time for handling toll and long distance calls was reduced from 2 minutes to 1¾ minutes.

During the last 5 years the Bell System spent $1,600,000,000 on additions and improvements of its plant.

There is equally a public requirement for safety of principal and earnings of the stock of the American Telephone and Telegraph Company—the parent company of the Bell System. Since its incorporation in 1885 it has never missed paying a regular dividend to its stockholders, who now number more than 420,000.

The very nature of the telephone business necessitates a single interconnected system. The American Telephone and Telegraph Company accepts its responsibility for a nation-wide telephone service as a public trust. It is fundamental in the policy of the company that all earnings after regular dividends and a surplus for financial security be used to give more and better service to the public.

Figure 2

Figure 3 is the list of magazines in which that copy is being used; it runs all the way from the large circulations like the Saturday Evening Post, Literary Digest, Colliers, Liberty and the American, down to various business magazines.

MAGAZINES USED FOR INSTITUTIONAL ADVERTISING

Saturday Evening Post	Qtly. Journal of Economics	Public Works
Literary Digest	Sunset	Pub. Service Management
Collier's Weekly	Nat'l. Geographic Magazine	Modern City
Liberty	Asia	Minn. Municipalities
American	Golden Book	Telephone Engineer
Atlantic Monthly	Popular Science Monthly	Tel. and Tel. Age
World's Work	Popular Mechanics	Telephony
Review of Reviews	Science & Invention	Electrical World
Harper's Magazine	Scientific American	Journal of A. I. E. E.
Scribner's Magazine	Judge	Amherst Graduates Qtly.
Independent	Life	Columbia U. Alumni News
American Mercury	College Humor	Dartmouth Alumni Magazine
Current History	Columbia	Harvard U. Alumni Bulletin
Forum	American Legion Monthly	Illinois U. Alumni News
Nation	Association Men	Ohio State U. Monthly
New Republic	Christian Herald	Penn. U. Gazette
Outlook	American Federationist	Princeton U. Alumni Wkly.
Time	Magazine of Wall St.	Williams Alumni Review
Yale Review	Advt'g. & Selling Fortnightly	Wisconsin U. Alumni Magazine
Virginia Quarterly Review	Editor & Publisher	Yale U. Alumni Weekly
No. American Review	Printers' Ink	Stanford U. Review
Foreign Affairs	American Press	Georgia Sch. Tech. Alumnus
So. Atlantic Quarterly	Am. Journal of Pub. Health	Wash. U. Alumnus
Journal Land & Pub. Util. Economics	Municipal & County Eng.	
Social Forces	Kansas Municipalities	and 26 other college
Political Science Qtly.	American City	and university
Journal of Political Economy	Am. Municipalities	alumni magazines.

Figure 3

Adequate Service advertising indicated on Figure 4 is an experiment in a way. We never did it before, and we are doing it at the end of this year really to get in practice, so that when you people really start on a wide campaign of convenience and comfort in the home, we can go along in some measure with you. Of course, our activity will be only a cooperative activity. If we should go to every magazine of national circulation in which such advertising would reasonably be proper, it still wouldn't cover the country. It is a matter the brunt of which has to be borne by your local newspaper publicity and advertising.

ADEQUATE SERVICE ADVERTISING

MEDIUMS
8 women's magazines of large circulation.

SUBJECT MATTER
Comfort and convenience in home telephone service, featuring one phase at a time.

FREQUENCY
Every other month.

SIZE
2 columns by 8 inches.

CIRCULATION
Per issue, 12,418,000.

COST
Total for the year, $96,000.

Figure 4

We have already in our hands one thing, which any other business would be delighted to get, that is we have a list of our best customers. And while we are at that point, I would like to show you a bill insert of the New Jersey Company, which is pertinent to this, (Figure 5). On the cover there is a picture of the handset and underneath it simply says, "Now available." Inside there is a very simple very well written little statement giving the facts as to what it will cost to have a handset.

Figure 5

Figure 6 shows the way sales were going on handsets. When the rate per month was reduced you will note that sales increased, and when the bill insert went out the sales increased rapidly. This illustrates that when you have something, which the public wants, bill inserts are one of the most effective ways of telling subscribers about it, and they are also inexpensive.

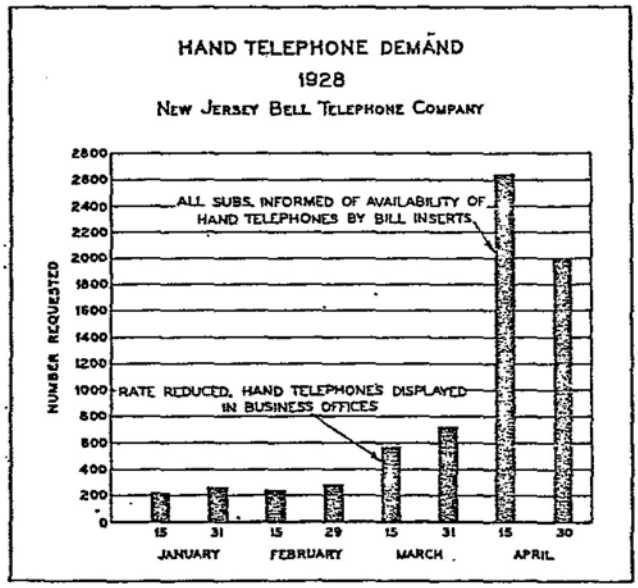
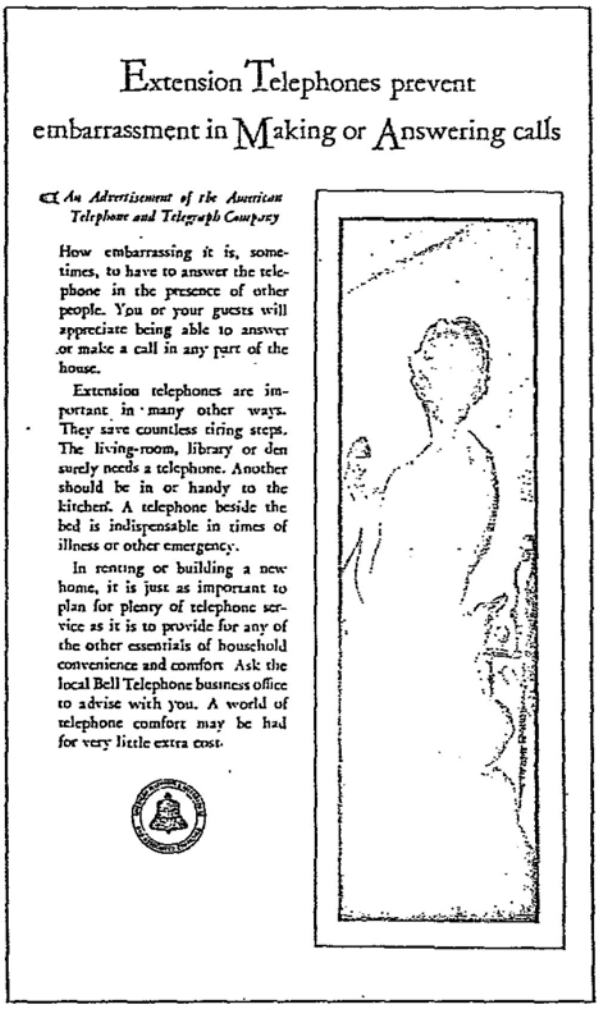


Figure 6

This year we have spent $96,000 in the women's magazines. We simply took the same space that we had last year and changed it over into this comfort and convenience advertising to see how it would go.

Figure 7 indicates the general character of these advertisements. They are run in eight magazines as shown on Figure 8, and others are under consideration. These magazines are concerned with residence building, furniture, and homemaking and are all fairly high-class magazines going to an expensive clientele, and would be the ones in which you would logically start campaigns for such outward and visible signs of an inward and spiritual grace as are indicated by colored hand sets, and the new intercommunicating systems and wiring plans, and all the items which are more or less high-priced from the general point of view of what we have to sell. I should think, considering the kind of things that other people advertise and sell through those mediums, that they ought to be very effective.



Extension Telephones prevent embarrassment in Making or Answering calls

An Advertisement of the American Telephone and Telegraph Company

How embarrassing it is, sometimes, to have to answer the telephone in the presence of other people. You or your guests will appreciate being able to answer or make a call in any part of the house.

Extension telephones are important in many other ways. They save countless tiring steps. The living-room, library or den surely needs a telephone. Another should be in or handy to the kitchen. A telephone beside the bed is indispensable in times of illness or other emergency.

In renting or building a new home, it is just as important to plan for plenty of telephone service as it is to provide for any of the other essentials of household convenience and comfort. Ask the local Bell Telephone business office to advise with you. A world of telephone comfort may be had for very little extra cost.

Figure 7

MAGAZINES USED FOR ADEQUATE SERVICE ADVERTISING

Ladies' Home Journal	McCall's Magazine
Woman's Home Companion	Delineator
Good Housekeeping	Holland's Magazine
Pictorial Review	Woman Citizen

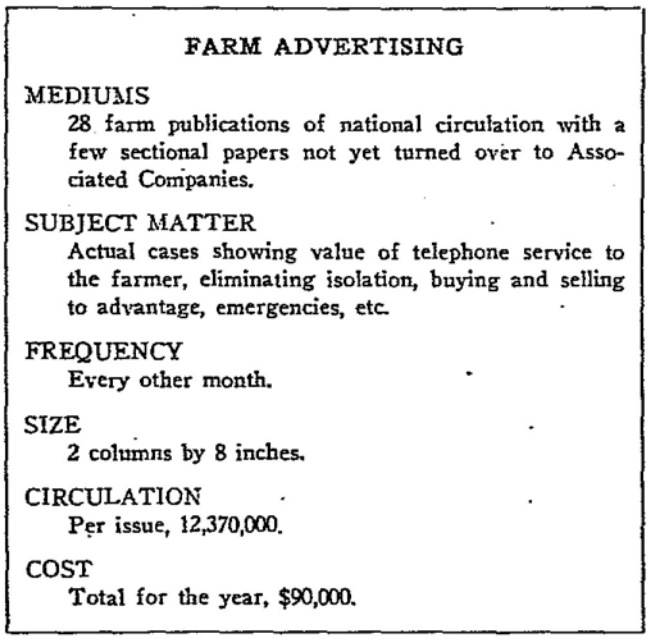
Under consideration:

Vogue	Modern Priscilla
Vanity Fair	Peoples' Home Journal
Spur	Architectural Record
House and Garden	Pencil Points
Country Life	Architecture
House Beautiful	American Architect
Better Homes & Gardens	Architectural Forum

and others

Figure 8

Farm advertising, Figure 9, is in another category. We used to print in the farm papers our ideals and aims. When we went over that carefully, it occurred to us that that might not be quite logical because a very great number of the farmers were not on the Bell lines at all, and in the second place, the service that they received wouldn't always register with the service we were talking about for the public in general. So we have adapted the advertising to something more nearly what they actually can expect.



FARM ADVERTISING

MEDIUMS
28 farm publications of national circulation with a few sectional papers not yet turned over to Associated Companies.

SUBJECT MATTER
Actual cases showing value of telephone service to the farmer, eliminating isolation, buying and selling to advantage, emergencies, etc.

FREQUENCY
Every other month.

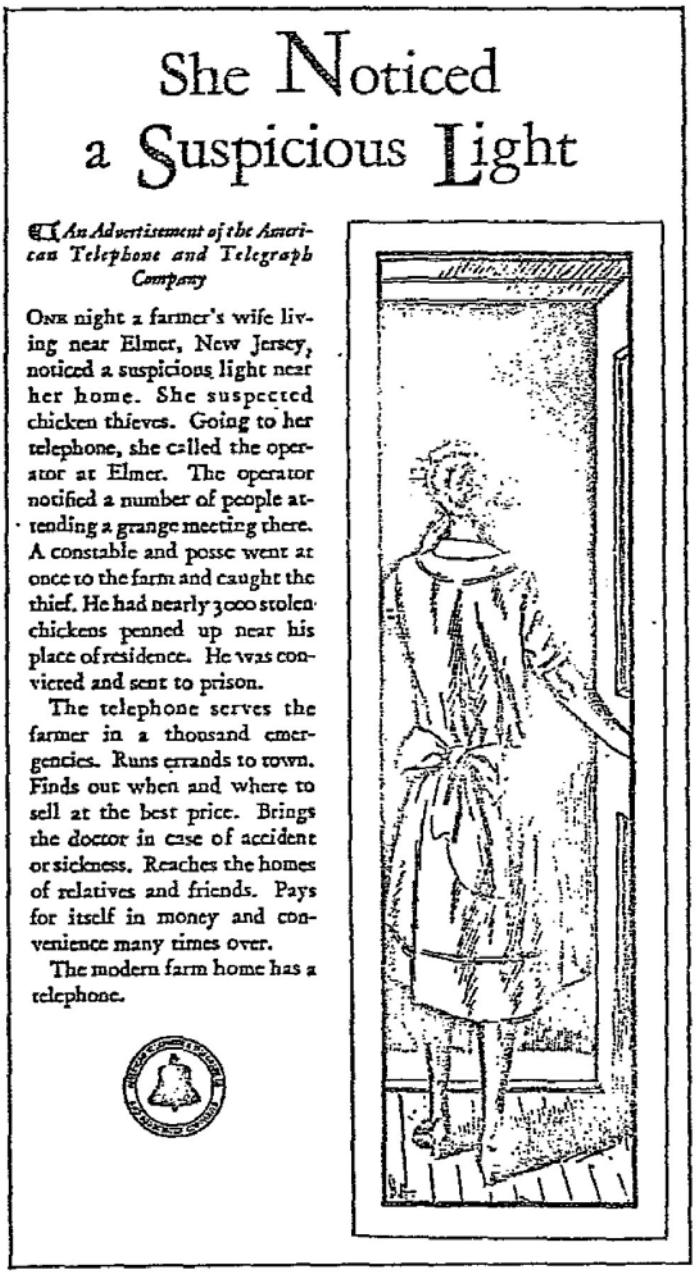
SIZE
2 columns by 8 inches.

CIRCULATION
Per issue, 12,370,000.

COST
Total for the year, $90,000.

Figure 9

As indicated by Figure 10, we are advertising now purely as sales advertising to get the farmer to put in a telephone. Before that campaign could go very much further and be much more effective, we are going to have to do something about the farm telephone business itself. In that connection, it was interesting to me to see an advertisement in "Printer's Ink" which happened to turn up this week. It is a picture of a farmhouse with a large telephone out in front, and is a colored and expensive advertisement. Its caption reads: "Leadership. Where farm telephones and farm property values prove buying power." It has a four-page colored insert. It was put out by "Successful Farming," a magazine that has about a million circulation among farmers, and it opens another whole opportunity for use, but not one that we are particularly pushing at this minute.



She Noticed a Suspicious Light

An Advertisement of the American Telephone and Telegraph Company

One night a farmer's wife living near Elmer, New Jersey, noticed a suspicious light near her home. She suspected chicken thieves. Going to her telephone, she called the operator at Elmer. The operator notified a number of people attending a grange meeting there. A constable and posse went at once to the farm and caught the thief. He had nearly 3000 stolen chickens penned up near his place of residence. He was convicted and sent to prison.

The telephone serves the farmer in a thousand emergencies. Runs errands to town. Finds out when and where to sell at the best price. Brings the doctor in case of accident or sickness. Reaches the homes of relatives and friends. Pays for itself in money and convenience many times over.

The modern farm home has a telephone.

Figure 10

Figure 11 shows the farm papers that we are using.

PAPERS USED FOR FARM ADVERTISING

American Farming	Progressive Farmer
American Fruit Grower	Southern Ruralist
Breeder's Gazette	Illinois Farmer
Farm Life	Prairie Farmer
Successful Farming	Capper's Farmer
Dairy Farmer	Farmer's Home Journal
Farm & Fireside	Southern Agriculturist
Field Illustrated	Bureau Farmer
Country Gentlemen	County Agt. & Farm Bureau
Farm Journal	Farmer's Elevator Guide
Hoard's Dairyman	Equity Union Exchange
Blade & Ledger	National Grange Monthly
Grit	Agricultural Review
Southern Cultivator	Modern Farming

Figure 11

Figure 12 shows our Personnel advertising, which is really devoted to portraying the advantages of employment by the Bell System, to men in college. Of course, the circulations it goes to are rather small, but in its own field I think it is fairly important. Figures 13 and 14 (page 12) are sample advertisements—you will note that some of them are double spreads that have both the A.T. & T. and the Western Electric together.

PERSONNEL ADVERTISING

MEDIUMS
92 undergraduate college newspapers and 29 engineering papers.

SUBJECT MATTER
The varied opportunities for a career offered by the Bell System.

FREQUENCY
15 insertions in the college year.

SIZE
3 columns by 10 inches.

CIRCULATION
Per issue, 255,000.

COST
Total for the year, $22,000.

Figure 12

Figure 15 (page 12) lists the magazines in which this advertising is used, which pretty well cover the institutions from which we ever get any graduates.

MAGAZINES USED FOR PERSONNEL ADVERTISING

Alabama U. Crimson White
Amherst Student
Bowdoin Orient
Brown U. Herald
Bucknell U. Bucknellian
Calif. U. Daily Californian
Carnegie Tech. Tartan
Case Sch. Applied Science Tech.
Chicago U. Maroon
Clemson Tiger
Colgate U. Maroon
Colorado U. Silver & Gold
Columbia U. Spectator
Cornell U. Daily Sun
Dartmouth The Dartmouth
Emory U. Wheel
Georgia Sch. Tech. Technique
Georgia U. Red & Black
Harvard U. Crimson
Johns Hopkins U. News-Letter
Idaho U. Argonaut
Illinois U. Daily Illini
Indiana U. Daily Student
Iowa U. Daily Iowan
Kansas U. Daily Kansan
Kentucky U. Kernel
Lafayette Semi-Weekly
Lehigh U. Brown & White
Maine U. Campus
Maryland U. Diamond Back
Mass. Inst. Technology Tech.
Michigan State News
Michigan U. Daily
Minnesota U. Daily
Miss. A. & M. Reflector
Missouri U. Student
Nebraska U. Daily Nebraskan
Nevada U. Sagebrush
New York U. Daily News
No. Carolina U. Tar Heel
Northwestern U. Daily
Ohio State U. Lantern
Oklahoma U. Daily
Oregon U. Daily Emerald
Penn. State Collegian
Penn. U. Pennsylvania
Pittsburgh U. Pitt Weekly
Princeton U. Daily Princetonian
Purdue U. Exponent
Rice Institute Thresher
Stanford U. Daily
Stevens Inst. Technology Stute
Syracuse U. Daily Orange
Tennessee U. Orange & White
Texas U. Daily Texan
Tufts Weekly
Utah U. Chronicle
Virginia U. College Topics
Washington U. Daily
Williams Record
Wisconsin U. Daily Cardinal
Worcester Poly. Institute News
Yale U. Daily News
Alabama Poly. Inst. Auburn Engineer
Armour Inst. Technology Engineer
Cincinnati U. Cooperative Engineer
Colorado U. Engineer
Cornell U. Sibley Journal of Eng.
Illinois U. Technograph
Kansas State Engineer
Marquette U. Engineer
Mass. Inst. Technology News
Ohio State U. Engineer
Penn. State Engineer
Penn. U. Triangle
Princeton U. News Letter
Rose Poly. Inst. Technic
Virginia U. Journal of Engineering
Yale U. Scientific Magazine
and 40 others

Figure 15

As shown by Figure 16 (page 13) we have the Bell Securities advertising, which costs us about $50,000 a year and runs in the financial papers. A typical advertisement is shown on Figure 17 (page 13). What it does is to make one statement to arrest attention, and then gives certain fundamental financial facts about the Bell System and suggests that they write for more. Figure 18 (page 13) lists the publications in which these ads are placed.

FINANCIAL ADVERTISING

MEDIUMS
69 financial publications of national and regional circulation.

SUBJECT MATTER
Basic facts about American Telephone and Telegraph Company stock, policies and organization.

FREQUENCY
Varied. Six, twelve and fifty-two times per year, depending on frequency of issues.

SIZE
From 2 columns by 7 inches to half- and full-pages, depending on frequency of issues.

CIRCULATION
Per issue, 666,000.

COST
Total for the year, $48,000.

Figure 16

The world's most frequently consulted book

IT is impossible to know the number of times that Bell System telephone directories are consulted each day. Yet it is safe to say that they are the most frequently used books in the world. More than 1900 separate directories are issued, most of them twice a year. An aggregate of over 31,000,000 copies is required annually. From these directories more than 56,000,000 calls are made a day over the wires of the Bell system.

Basic facts on American Telephone and Telegraph as an investment

With its predecessors, the American Telephone and Telegraph Company has paid dividends regularly for forty-seven years. Its stock is held by more than 420,000 investors. It is constantly seeking to bring the nation's telephone service nearer to perfection. It owns more than 93% of the combined common stocks of the operating companies of the Bell System which furnishes an indispensable service to the nation.

Write for booklet "Some Financial Facts"

BELL TELEPHONE SECURITIES CO. *Inc.*

195 Broadway New York City

Figure 17

MAGAZINES USED FOR FINANCIAL ADVERTISING

American Bankers Assoc'n. Journal
American Globe
Arkansas Banker
Bank Director
Bank Men
Bankers Magazine
Bankers Monthly
Banking Law Journal
Bulletin of Calif. Bankers Assoc'n.
Burroughs Clearing House
Central Mfg. Dist. Magazine
Central Western Banker
Coast Banker
Commerce & Industry
Credit Monthly
Financial Digest
Fourth District Banker
Hoosier Bankers
Industrial Digest
Kansas Banker
Magazine of Western Finance
Mid-Continent Banker
Mid-Western Banker
Mississippi Banker
Montana Banker
Mountain States Banker
N. J. Journal of Ind. & Finance
North Dakota Banker
North Western Banker
Ohio Banker
Oklahoma Banker
Savings Bank Journal
Southern Banker
Southwestern Banker
Tar Heel Banker
Tennessee Banker
Texas Bankers Record
Trust Companies Magazine
Forbes
Magazine of Wall Street
North Pacific Banker
Annalist
Bank News
Banker & Tradesman
Barrons—The National Weekly
Bond Buyer
Boston Commercial
Bradstreets Journal
Nation's Business
Chicago Banker
Commerce & Finance
Commercial Bulletin
Commercial & Financial Chronicle
Commercial West
Duns Review
Economist
Finance & Industry
Financial Age
Financial World
Investment News
Michigan Investor
Mich. Mfgrs. & Financial Record
Money & Commerce
U. S. Investor
American Banker
Chicago Journal of Commerce
News Bureau
N. Y. City Journal of Commerce
Wall Street Journal
Wall Street News

Figure 18

These lists of magazines, taken all together, show that pretty nearly all classes, and the best ones in every class of magazines that are published in the United States, have some Bell System advertising in them. Figure 19 (page 14) covers the Juvenile advertising. We have changed the advertising in the boys' magazines from the policies, ideals and aims, which I wasn't sure they would understand, and put in more technical matter. Figure 20 (page 14) is typical, giving an explanation of what the lineman does. Carrier currents, phantom circuits, and all manner of technical subjects are described in other copy.

JUVENILE ADVERTISING

MEDIUMS

4 boys' magazines of national circulation: Youth's Companion, American Boy, Boy's Life, St. Nicholas.

SUBJECT MATTER

Elementary explanations and circuit diagrams of fundamental telephone apparatus and methods. "How it Works."

FREQUENCY

Every other month.

SIZE

Generally 2 columns by 8 inches.

CIRCULATION

Per issue, 778,000.

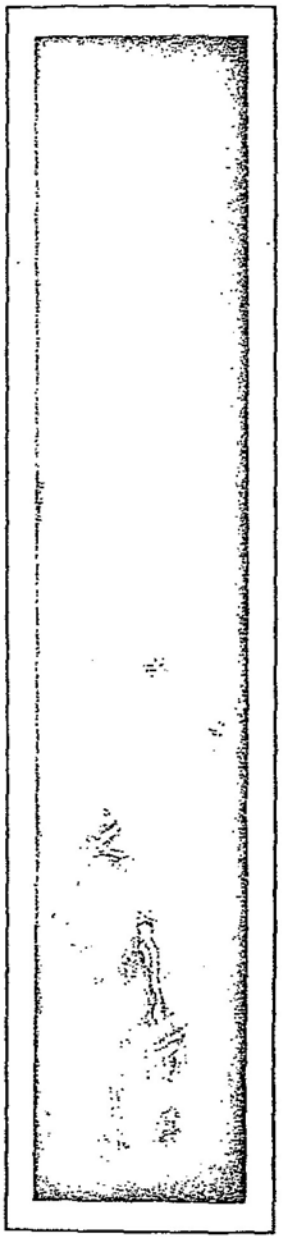
COST

Total for the year, $10,000.

Figure 19

What the Lineman Does

An Advertisement of the American Telephone and Telegraph Company



All over the land, telephone linemen are busy at their work. The telephone system is growing daily and it takes thousands of them just to keep up with the construction work—such as building new lines, putting up new cables—that is always under way. That is one kind of lineman and he is out on his job every day helping to run new wire in all parts of the country.

There is another kind—the "trouble" lineman. This is the man who keeps the telephone system working at top-notch standards. When trouble is reported, he is quickly on the job. He follows the lines, inspects the instruments, tests with the central office and makes the needed repairs.

The trouble lineman goes out in storms and all kinds of weather. When there is trouble anywhere on his lines, nothing stops him. He must know what to do in all sorts of emergencies.

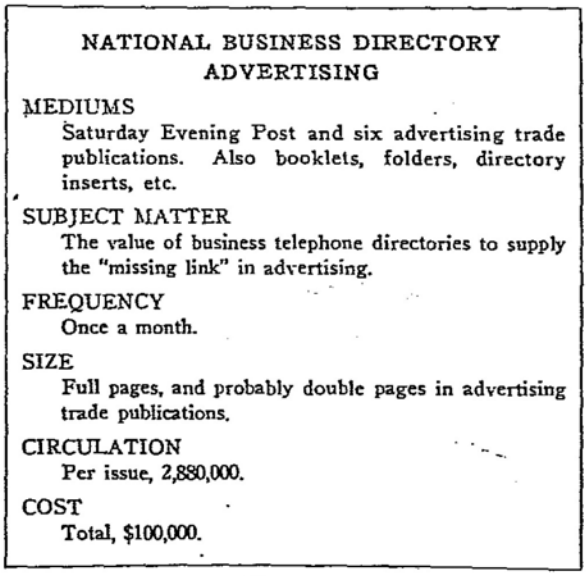
The lineman uses a safety belt, climbers, pliers, connectors, friction tape, and various other special tools and equipment. All Bell linemen in America use the same kind of tools and the same practices. What is found to be best is used by all.

Throughout the United States there are companies making up what is known as the Bell Telephone System. This System now has 18,500,000 telephones connected with it.

Figure 20

Figure 21 (page 14) National Business Directory advertising, is a new departure, which you know about but which is not yet in operation. This is a plan for making the classified directory a link between the manufacturer and his agent and the public. From

time to time now you see in the national advertising mediums and in the daily press an automobile company or an oil company, or some other firm who print their entire list of dealers. Of course, nobody keeps that list for reference, not any large number of people can use it the particular day it appears, and it is really a waste of money. It is not effective advertising. But what it is, is a sop from the manufacturers to the dealers to encourage them and make them think they are being backed up, but it isn't an effective method.



NATIONAL BUSINESS DIRECTORY
ADVERTISING

MEDIUMS
Saturday Evening Post and six advertising trade publications. Also booklets, folders, directory inserts, etc.

SUBJECT MATTER
The value of business telephone directories to supply the "missing link" in advertising.

FREQUENCY
Once a month.

SIZE
Full pages, and probably double pages in advertising trade publications.

CIRCULATION
Per issue, 2,880,000.

COST
Total, $100,000.

Figure 21

The plan we had was to get these people to put in their advertising, in place of that list of dealers, the statement that you can find your nearest dealer in the Classified Telephone Directory, so that you would have an instant place to find the dealer for anything that you saw nationally-advertised. If you read an advertisement in the Saturday Evening Post and wanted to purchase the product advertised and didn't know where to purchase it, all you would have to do is to go to the Classified Directory and look under the title of that product and you would find every dealer in your town listed there.

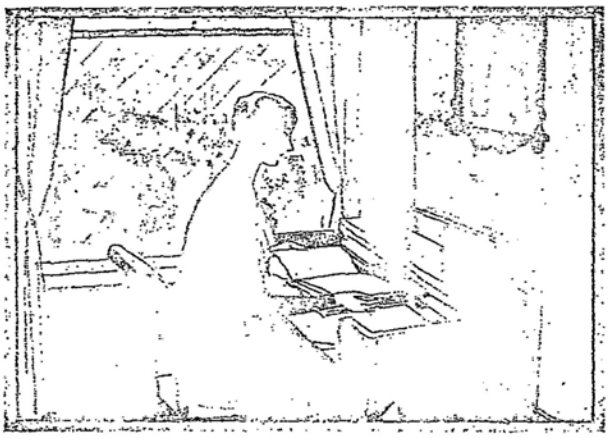
That is real service to the distribution system of American business, and therefore to the public and we are endeavoring to launch this matter from the publicity side with advertising in the Saturday Evening Post, which reaches not only the manufacturers but most dealers. It has become a dealer trade paper as far as advertising is concerned, and of course, reaches the public also. And then we plan to place advertising in the trade publications, and to use booklets, folders and inserts, to reach all of the possible manufacturers who would advertise. Even with this, it won't be effective unless the advertising, which the Associated Companies have always done, about the directory is continued and includes this new feature, because it will only be effective if all of the dealers in a local area come in.

Figures 22 (page 15), 23 (page 16) and 24 (page 17) show the kind of advertising that we are discussing. We haven't any finally settled plan, but this is the kind that we are discussing at present. Figure 22 is supposed to be for the Saturday Evening Post, Figure 23 is a suggestion for Associated Company newspaper advertising, and Figure 24 is a two-page ad, for publications such as Printer's Ink. As shown on Figure 21, we plan

to spend about $100,000 on the initiation of that campaign. That doesn't include what we may keep on doing afterwards. We don't know what that would be, but when we go, we start off on that basis.

Rain and snow need have no terrors for the telephone shopper

Through this new Bell System service she knows where to buy what she wants

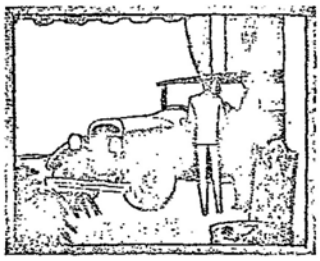


You can buy exactly what you want by telephone, without leaving your own home

OUTSIDE, the rain swishes down in sheets, swirling against the window panes and beating on the roof. Around the eaves the wind blows cold. Water runs ankle deep in the gutters.

It's a fine day—to remain indoors. But the family shopping must be done!

Out into the storm, helter-skelter to this store and that, arms full of bundles, clothing drenched, home again with a prayer of relief—fortunately, that is no longer necessary. You can now stay at home and telephone your wants to the different dealers. Right in your own home, through a new service of the Bell Telephone System, you can learn instantly where almost any article you may need is sold.



This new "Where to Buy It" service directs you instantly to the nearest dealer

The new "Where to Buy It" business directory is being prepared so that you can know, quickly and easily, what store sells the particular thing you want. Arranged in alphabetical sequence, for your reference, are products, trade-marks and dealers, with the addresses and telephone numbers of the latter.

Heretofore you have limited your rainy day buying to bare essentials. But with the "Where to Buy It" directory to tell you where the different brands of merchandise are sold, stormy weather need no longer prove a hindrance. Telephone orders meet prompt response from obliging merchants.

Being new, the "Where to Buy It" directory is necessarily incomplete. Although scores of products are already listed, nearly every manufacturer, distributor and retailer who has brand name and trade-mark goods for sale in your community will soon be represented in it. If you fail to find an article in your present directory, it will probably appear in a future issue.

The value of "Where to Buy It" is by no means limited to rainy day shopping. Keep it close at hand, so you can consult it in planning *all* your buying, whether by telephone or in person. Then you will know the dealers who sell the exact articles you want.

You know which store sells the particular make you want

"WHERE TO BUY IT"

An Advertisement of the American Telephone and Telegraph Company

Figure 22

Find out instantly where to buy what you want

A new Bell System service that saves miles of steps and avoids disappointment

YOU may have read of some trade-marked article that you want to buy —now.

Or you want the nearest florist, doctor, service station, lawyer or radio repair shop—immediately.

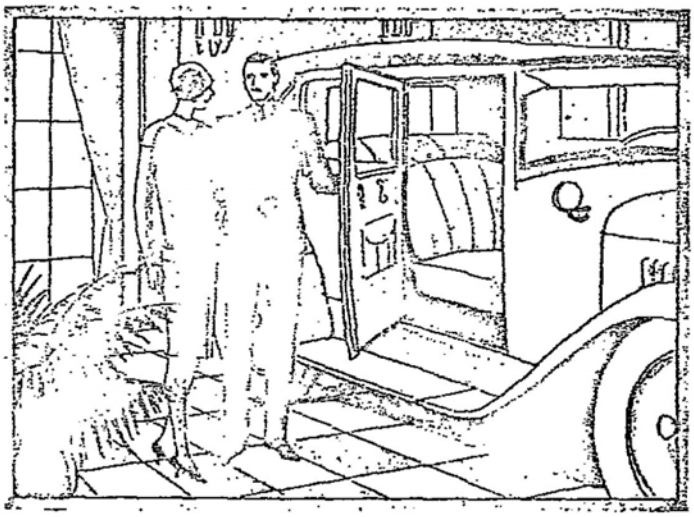
There were formerly just two ways to find where to get what you wanted. Telephone from place to place, or set out upon a personal search.

But now the Bell Telephone System has worked out a new, additional service that will enable the telephone user to locate instantly what is wanted.

Just turn to the new "Where to Buy It" business directory and open to the general product or service you want. Glance down the alphabetical list to the trade name of the article desired and there you will find a list of the dealers that have it for sale. Pick the nearest dealer, and telephone or go right to him, saving delay and disappointment.

Keep your new "Where to Buy It" directory at hand and consult it whenever anything is wanted. It is already full of valuable information and it is rapidly being improved, as more and more articles are added. Bell representatives are busy throughout the nation calling upon manufacturers, distributors, dealers and all other needed services to urge them to list their names for your instant convenience.

The Bell Telephone System has set out to make the "Where to Buy It" directory able to tell you instantly where to find whatever you want. Consult it for information that will save you miles of steps. That will conserve your time. That will guide you quickly to whatever you want, wherever it is.



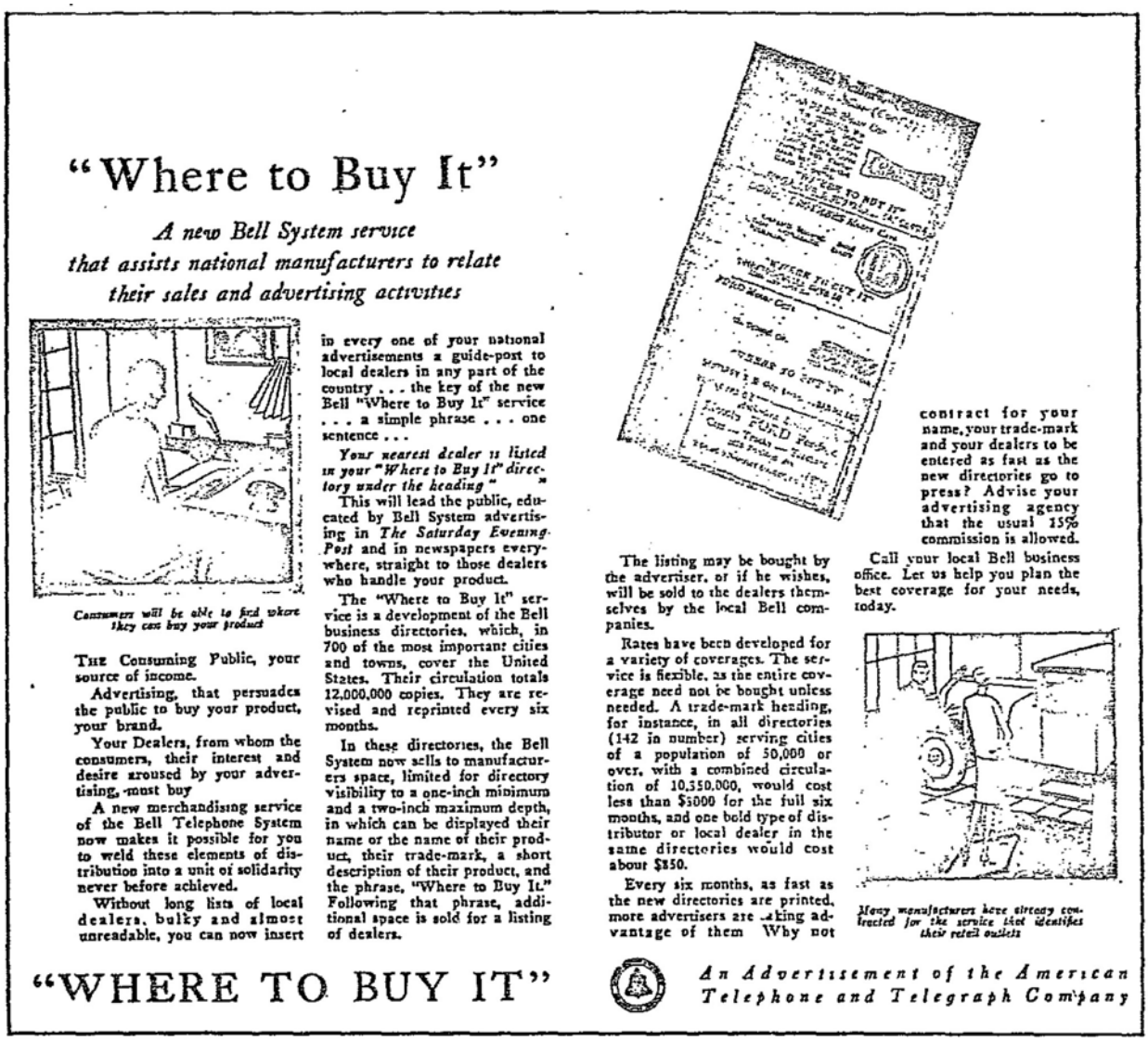
It prevents the wear on tired nerves to know just where to buy what is wanted

For quick reference keep the new "Where to Buy It" directory close at hand

"WHERE TO BUY IT"

SIGNATURE,
ASSOCIATED BELL COMPANY

Figure 23



"Where to Buy It"

A new Bell System service that assists national manufacturers to relate their sales and advertising activities

Consumers will be able to find where they can buy your product

THE Consuming Public, your source of income.

Advertising, that persuades the public to buy your product, your brand.

Your Dealers, from whom the consumers, their interest and desire aroused by your advertising, must buy

A new merchandising service of the Bell Telephone System now makes it possible for you to weld these elements of distribution into a unit of solidarity never before achieved.

Without long lists of local dealers, bulky and almost unreadable, you can now insert in every one of your national advertisements a guide-post to local dealers in any part of the country . . . the key of the new Bell "Where to Buy It" service . . . a simple phrase . . . one sentence . . .

Your nearest dealer is listed in your "Where to Buy It" directory under the heading " "

This will lead the public, educated by Bell System advertising in *The Saturday Evening Post* and in newspapers everywhere, straight to those dealers who handle your product.

The "Where to Buy It" service is a development of the Bell business directories, which, in 700 of the most important cities and towns, cover the United States. Their circulation totals 12,000,000 copies. They are revised and reprinted every six months.

In these directories, the Bell System now sells to manufacturers space, limited for directory visibility to a one-inch minimum and a two-inch maximum depth, in which can be displayed their name or the name of their product, their trade-mark, a short description of their product, and the phrase, "Where to Buy It." Following that phrase, additional space is sold for a listing of dealers.

The listing may be bought by the advertiser, or if he wishes, will be sold to the dealers themselves by the local Bell companies.

Rates have been developed for a variety of coverages. The service is flexible, as the entire coverage need not be bought unless needed. A trade-mark heading, for instance, in all directories (142 in number) serving cities of a population of 50,000 or over, with a combined circulation of 10,550,000, would cost less than $3000 for the full six months, and one bold type of distributor or local dealer in the same directories would cost about $850.

Every six months, as fast as the new directories are printed, more advertisers are taking advantage of them Why not contract for your name, your trade-mark and your dealers to be entered as fast as the new directories go to press? Advise your advertising agency that the usual 15% commission is allowed.

Call your local Bell business office. Let us help you plan the best coverage for your needs, today.

Many manufacturers have already contracted for the service that identifies their retail outlets

"WHERE TO BUY IT"

An Advertisement of the American Telephone and Telegraph Company

Figure 24

Figure 25 (page 17) covers the Transatlantic Steamship advertising for the transatlantic business, which is a small matter. It goes in all of the papers that are published daily on the liners going and coming across the ocean. Figure 26 (page 17) is a typical advertisement.

TRANSATLANTIC STEAMSHIP ADVERTISING

MEDIUMS
5 transatlantic steamship daily newspapers issued on 11 steamship lines. Chicago Tribune Ocean Times, Ocean Post, Ocean Gazette & Wireless News, Daily Mail, L'Atlantique.

SUBJECT MATTER
Use of transatlantic telephone for business and social purposes.

FREQUENCY
General 6 issues per trip—on all sailings of the 11 lines throughout the year. One set of ads for eastbound and another for westbound ships.

SIZE
2 columns by 5 inches.

CIRCULATION
Varies with the passenger lists.

COST
Total for the year, $15,000.

Figure 25

Figure 26

Figure 27 (page 19) refers to Long Distance advertising, which of course, as far as the public is concerned, is exactly the same thing as the toll business, which is one of the main items of our discussion. We spend $328,000 in 100 magazines, the larger ones being the Saturday Evening Post, Literary Digest, Collier's Magazine, Liberty, American, and then the trade journals. Figure 28 (page 18) shows a typical advertisement of this series, and Figure 29 (page 19) the magazines in which they appear.

LONG DISTANCE ADVERTISING

MEDIUMS
100 magazines, including Saturday Evening Post, Literary Digest, Collier's, Liberty, American and leading trade journals of 15 basic industries.

SUBJECT MATTER
Actual cases of successful long distance transactions in business life. Long Distance rates featured.

FREQUENCY
Once a month of Big Five except for occasional institutional ads. Once every other month in trade journals.

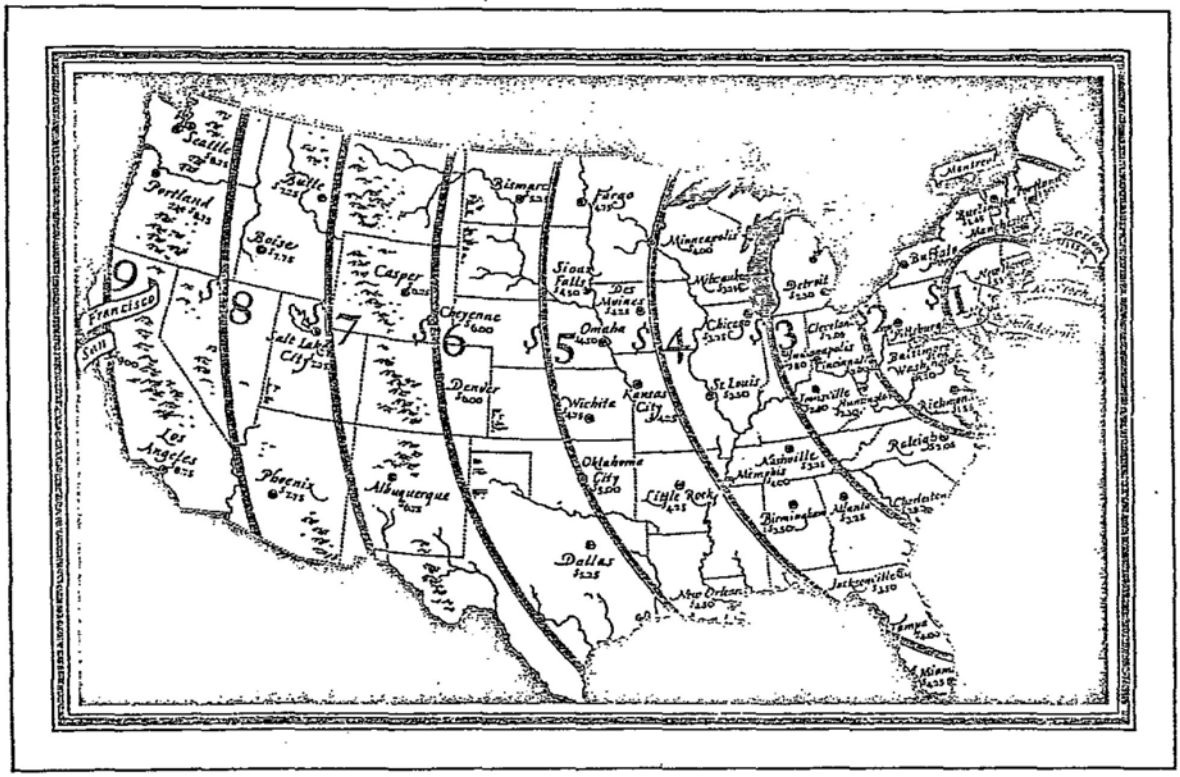
SIZE
Full pages. Many preferred positions.

CIRCULATION
Per issue, including Big Five, 11,129,000.

COST
Total for the year, $328,000.

Figure 27

Coast to Coast now only $9.00
Cleveland to Pittsburgh 80¢



An Advertisement for Bell Long Distance Telephone Service

The station to station day rate for the longest telephone call you can make within the United States is now only $10.00. From San Francisco to New York is only $9.00. From St. Louis to Chicago is only $1.45. From Newark to Philadelphia is only 60 cents.

An average of 2,614,000 toll and long distance calls are now handled daily by the Bell System. The purchasing agent of a large western manufacturer called his general storekeeper from New York, 2800 miles away. He secured information that enabled him to make a purchase saving his firm $250,000.

The Cheyenne, Wyoming, manager of a farm machinery house made seven long distance calls to Nebraska and Colorado points. Within an hour's time he sold 25 threshers for $50,000.

A Missouri fruit company calls each of its dealers at regular intervals and gets their orders by Long Distance.

The time and money saved by Long Distance is summed up by a Chicago lumberman. He says: "The toll to Milwaukee is 80 cents. Average cost of making the trip, $10.00. Detroit toll is $1.80. A trip would cost $25.00 or more."

What long distance calls can you profitably make now? You will be surprised how little they will cost. . . . Calling by number takes less time. . . . . *Number, please?*

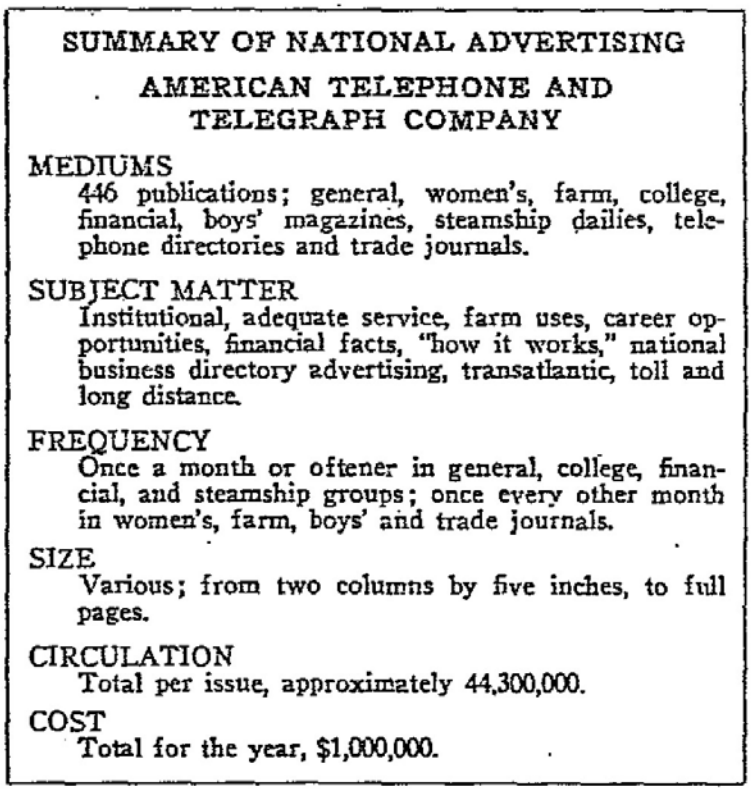
Figure 28

MAGAZINES USED FOR LONG DISTANCE ADVERTISING

Saturday Evening Post
Literary Digest
Liberty
Collier's
American Magazine
Nation's Business
Business
Industrial Digest
Commerce, Finance & Industry
Purchasing Agent
Sales Management
Magazine of Business
Manufacturers' Record
Forbes Magazine
T. P. A. Magazine
Rotarian
Kiwanis
Sample Case
Lion's Club Magazine
Motor Age
Automobile Topics
Automotive Industries
Motor
Ford Dealer News
Tires
Men's Wear
Haberdasher, Clothier & Furnisher
Dry Goods Economist
Dry Goods Merchants Trade Journal
National Retail Clothier
Women's Wear Magazine
Black Diamond
Coal Age
National Provisioner
Canner
Western Canner & Packer
Packer
American Miller
Facts About Sugar
Statistical Sugar Trade Journal
Modern Miller
Hardware World
Hardware Age
Good Hardware
Hardware Dealers Magazine
Hide & Leather
Boot & Shoe Recorder
Shoe & Leather Reporter
American Shoemaking
American Lumberman
Timberman
Chemical & Metallurgical Engineer
Engineering & Mining Journal
Iron Age
Mining & Metallurgy
Foundry
Iron Trade Review
Blast Furnace & Steel Plant
Am. Perfumer & Essential Oil Rev.
Oil, Paint & Drug Reporter
Chemicals
Paper Industry
Paper Trade Journal
United States Paper Maker
Petroleum World
National Petroleum News
Oil & Gas Journal
Oil Weekly
Railway Purchases & Stores
Railway Age
Railway Mechanical Engineer
Electric Railway Journal
Electric Traction
Railway Electrical Engineer
American Silk Journal
Cotton
Silk
Textile World
Am. Wool & Cotton Reporter
and 24 others

Figure 29

Figure 30 (page 19) shows a summary of the whole plan. There are 446 publications used once a month or oftener, in varying sizes, but in the important advertisements full pages, regardless of the size of the magazine. It reaches about 44,000,000 people and costs us about $1,000,000 to do it.



SUMMARY OF NATIONAL ADVERTISING

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

MEDIUMS

446 publications; general, women's, farm, college, financial, boys' magazines, steamship dailies, telephone directories and trade journals.

SUBJECT MATTER

Institutional, adequate service, farm uses, career opportunities, financial facts, "how it works," national business directory advertising, transatlantic, toll and long distance.

FREQUENCY

Once a month or oftener in general, college, financial, and steamship groups; once every other month in women's, farm, boys' and trade journals.

SIZE

Various; from two columns by five inches, to full pages.

CIRCULATION

Total per issue, approximately 44,300,000.

COST

Total for the year, $1,000,000.

Figure 30

Advertising, of course, is only a small assistance in this business of selling. It does give you an opportunity, for instance, in connection with items such as colored handsets, to make a much greater public impression than the actual number of sales would indicate.

Most of the time the public is willing to pay for what it wants, and where it is willing to pay for it and where it won't hurt the service, we can certainly benefit our public relations and our business by going out of our way to attend to these things.

Advertising, of course, won't sell anything by itself. It is an aid to selling and that is all, and there is no use in advertising when there isn't any selling going on. It reminds me a little bit of the old slogan of the Eastman Company. They said, "You push the button, we do the rest." Now the Publicity Department does about as much as push the button, and you do the rest. We are perfectly willing to start pushing the button, but there isn't any use in doing that except on a comprehensive basis in which both the button-pushing, which is the advertising, and the real work behind it is going on continuously, actively, and nationally all the time.

Speech to the Bell Telephone System's General Plant Conference
October 1928

Page, A. W. (1928, October). Philosophy of the Business. Presented at the Bell Telephone System's General Plant Conference.

Summary

Page addresses employees on how they should execute and live by the company's business philosophy as outlined in what is often referred to as the Dallas speech. He addresses the importance of exercising self-government in an effort to avoid government regulation.

As part of the company's business philosophy, AT&T needs to ensure that it is operating in the public interest by offering the best possible service at the least possible cost. As part of this philosophy, the company will not take excessive profits, only that which is necessary to run the business. Page admonishes those who run the company to continuously make internal course corrections and live by strict standards of conduct so as to avoid government regulation. The company is also challenged with overcoming perceptions of greed, inefficiency, and slothfulness, which are most often associated with monopolies like the Bell System. To change perceptions, the company needs to provide more than what is asked of it.

Key topics	Page Principles
Company Philosophy – Dallas Speech	**Listen to the customer**
Finances – financial operations	**Manage for tomorrow**
Competition	
Regulations – Industry/Government	
Public Opinion – influencing public opinion	
Monopoly	

Philosophy of the Business

I want to read to you, to begin with, a quotation from the President of the United States. He says:

"There is only one way in modern civilization, with its broad privilege of the franchise, with its representative legislative bodies, to avoid the constant interposition of the government into practically all the affairs of the people, and that is for the people to adopt a correct course of action, to provide the proper standards of conduct by their own motion. If they do not want government through public action, they must provide it through private action. That is the

true ideal of self-government. The attainment of that ideal lies some distance in the future, but it is an ideal toward which we should constantly strive. If the people wish to be in the full enjoyment of their liberties, if they wish to be unhampered by government restrictions, they can secure that privilege. But they cannot secure it by abolishing government. They can only secure it by adopting a thorough system of individual self-government. Government is an absolute necessity to human progress and to human happiness. If we do not wish to have it imposed from without, we must ourselves impose it from within."

He was speaking of the people in general, but what he says of people in general applies with particular emphasis to businesses.

If industries which offer their services to the public do not provide what he calls a correct course of action, standards of conduct, by their own motion, they are certain to have those standards provided through government action and when they are provided by the government, they will be less effective, both for the public and for the industry, than if the industries provided the standards themselves.

So far as I know, the only industry, which has set out to make such a provision for itself, and to work out a complete philosophy which amounts to a contract which it offers the public, is the Bell System.

It is true that the railroads have provided from time to time, at least part of the philosophy but it was largely forced on them by government action—it was not voluntarily done. The insurance industry had a great reformation some years ago and it now operates on a basis that the public is satisfied with, but that, too, was forced upon it.

The Bell System has voluntarily provided a contract with the public, which it has endeavored to make more favorable to the public than the public could hope to get by governmental action. In general, it is to provide the public with the best service at the least cost. Or course, that is a very general statement, which very many industries announce. It is the particulars of that statement that really matter. When you get down to the details of the application of what you mean by the best service at the least cost, the Bell philosophy, it seems to me, differs from the others.

Taking it backwards and discussing a minute the "least cost," the essence of that is what Mr. Gifford said at Dallas. You are all familiar with it. It amounts to saying that the Bell System will take only that amount of money from the public which is necessary to run the business and to encourage further money to come into the business so that it can constantly improve. It excludes all methods by which the owners of the System could capitalize the future and take the profits of that capitalization unto themselves.

I am not going any further into the matter of the least cost because you are familiar with the Dallas philosophy. Let me say a word about the best possible service. In a large measure, the public agrees to that about the Bell System. It thinks that the Ben System is efficient. You even get very curious contrasts of this kind: People will say to you that there is no doubt that the telephone system

in the country is one of the best-managed businesses in the world but that their particular telephone service is bad.

That is an extraordinary thing, because usually people think about the whole business in the terms of their immediate contact with it and if they have a bad contact, they think the whole thing is bad. By some process of service and explanation, the Bell System has convinced the American public pretty thoroughly that it is efficient. If it can at the same time remove from the public mind any suspicion that it is a greedy corporation, if it could convince the public that its efficiency is directed primarily toward public service and not primarily towards making money for the company and its owners, it will have gained in that field the same position it holds in the field of efficiency.

I think we can even go further in explaining why the Bell System is efficient. Some years ago, a man named Eddy, a lawyer of considerable distinction in New York, wrote some articles for the magazine I edited on what he called the new competition. He said that in ordinary competition all that competing companies competed in was the final statement on the balance sheet. As long as the company could stay solvent, it could stay in business, The result of that was that you very often had people—for instance, he had an example of two drug companies that competed with each other, one of which made very good products and had a very bad sales organization and the other had very indifferent products and a very good sales organization. They kept right along competing with each other; each one of them made enough money to stay in the business. His theory of the new competition was that they should get together and give each other a considerable amount of information which would result in the fellow who was a poor salesman selling his product better and the man who was a poor manufacturer making his product better. The total result would be more intelligent competition and very much better service to the public.

He made considerable advance in that. There are a good many institutes, so-called, in various industries, which are really Eddy's new competition. That has had a great deal of public commendation as being a great step forward.

You compare that with what goes on in the Bell System and that is just the infancy of a thing that is in adult growth with us. The intercompany competition, in which all of the ratings of every conceivable telephone activity are compared, represents a competition between companies far more exacting and effective than ordinary competition. So, when people speak to us about being a monopoly and not having competition, the answer is that we not only have competition, but a far more effective competition than that ordinary kind which concerns itself only with the balance sheet. That intercompany competition would be enough to give us an advantage over the ordinary business.

You have added to that the staff idea, which is curiously enough not very common in business, although in that one profession in which immediate results are more necessary to avert complete calamity than any other, that is the business of carrying on war, the staff has been in vogue for many, many years.

If you combine our intercompany competition and what comes from that with the staff and also the research facilities of the Bell System, we really have a

basis for being a great deal more effective than almost any other industry that you can think of, because while some of them have one of those things and some another, few, if any, have all of them.

There is still a third part to this. People in the United States recognize a company's desire to serve them by the efforts it makes to serve them, and you can't serve anybody that you haven't sold something to. You can't have a friend, an active friend, who hasn't a telephone. He may not be an active friend if he has one, but at least, those with telephones fix the maximum number of friends you can have. So that our real service to the United States depends upon what proportion of the people of the United States we are actually serving. Their contemplation of our service depends upon the same thing. They will never think of us as a really active and energetic outfit if we are content merely to furnish what is asked for, rather than like the great body of American business being constantly on the alert and energetic to push our wares to the general public. Moreover, although we have no competition of other companies in most places trying to sell a telephone service against us, we are confronted with a very active competition of another kind.

When the ordinary people increased its buying power anywhere from fifty to one hundred per cent after the war, there was a certain amount of money, which they could spend to make themselves more effective or to increase their pleasure or for any purpose they saw fit. People in the rayon business and the automobile business and candy business and all sorts of other businesses looked that situation over and endeavored to present themselves as the people who should get the most of that increase. I am afraid that we didn't go as far in that direction as the rest of them did. I think if we had (I think we have the capacity to have had more telephones than there are automobiles, but as a matter of fact we let those fellows create a situation in which there are more automobiles than telephones) that condition wouldn't exist today. The reason they got it was they went after it.

In other words, when you come to carrying out the philosophy of the system, the best service at the least cost, we have got to convince the public that the three usual indictments of monopoly do not apply to us. In the first place, monopoly is held to be greedy, The Dallas speech explains that is not true of us. In the second place, monopoly is likely to be inefficient. The intercompany competition and the research and staff efforts ought to prove that that is not true of us. In the third place, monopoly is usually slothful. The only way I see that we can prevent the public having that opinion of us is to go ahead and sell our product exactly as the other people who are in the ordinary kind of competition sell their product and give the public a demonstration of the fact that we are as able as the rest of them. We can do it in some ways very much better than they can, because while the other people depend almost entirely upon specific selling organizations, which roughly parallel the commercial department with us, we have a possibility of using to a much greater degree than the rest of them the whole personnel of the Bell System. We have 350,000 or more people, all of whom, or nearly all of whom, have a possibility of selling the service. It is not only when they sell it that they will increase the service that we do to the community, but the state of mind that a man is in when he is trying to sell something will insure a greater regard for the public than if he is not in that state of mind. The

fellow who is trying to sell some thing to a man never tells him that the company has a rule against so-and-so. He never makes any arbitrary statement of that kind. He either gives a man a reason or goes back and finds out one.

That, I think, has a tremendous value for the Bell System on the two sides, both as to actual increase in business but more particularly I am thinking of it from the point of view of improving the relationship with the public because that relationship which is established by the constant contact of 350,000 people is the basis of all our public relations.

There is a great opportunity at present—more perhaps than in the past—because as the Bell System has become more highly developed the type of men and women who are competent to operate it has improved, so that of that 350,000 there is probably a greater percentage who have the initiative and the common sense to be able to handle a public relations job and a selling job than almost any other large organization you can think of. They not only are in that position at present but the actual operation of those things will increase their conception of the job and their general agility of mind and ability to do it.

That is, in rough and in short, the philosophy from the public relations point of view of the finances, the efficiency and the selling of the Bell System.

Speech to the Bell Telephone System's General Sales Conference
January-February 1929

Page, A. W. (1929, January - February). *Coordination of Sales and Advertising Activities.* Presented at the Bell Telephone System's General Sales Conference.

Summary

Page emphasizes the sale's organization's role in establishing relations with the public. The relationship between the sales and the information department (e.g., advertising, and publicity) are addressed.

Creating a good public image, or what Page calls the company's "character," is the responsibility of both the sales organization and the information department. People buy from companies that they "respect, like, and believe in, than from those toward which they do not have these feelings."

Key topics	Page Principles
Advertising	**Prove it with action**
Public Opinion – influencing public opinion	**Manage for tomorrow**
Monopoly – suspicion of monopolies, monopoly	**Realize a company's true character is expressed by its people**
Publicity	
Sales	

Coordination of Sales and Advertising Activities

General Sales Conference
January - February 1929

COORDINATION OF SALES AND ADVERTISING ACTIVITIES

I am not going to endeavor to talk to you about the technique of selling; I am going to discuss the relation of the information department to the selling program.

The information departments of the A. T. & T. and of the various operating companies are interested in your work and in the work of everybody in the Bell System; but we are particularly interested in you, both because your success in selling is essential to our success in establishing proper relations with the public, and because we are active partners with you in the enterprise of selling.

To speak for the company, whether it be an operating company, or the A. T. & T., is an executive function. When he does not exercise it himself, the president delegates

this function to the information department. Under this delegation, the department is responsible for all statements destined for the public, whether in the news, advertisements, movies, lectures, exhibits, or in any other way.

The information departments are further engaged in creating the best possible relations with the public. As a company's relations with the public are established more by what it does than by what it says, it is the function of the information department to watch the activities of the company with the greatest care to see if there is any way in which to change these activities so as to give better service or more satisfaction to the public. Both of these duties make the members of the information department partners of yours in the enterprise of increasing the sales of the Bell System; for that is but another way of saying, increasing the service of the Bell System to the public.

We agree with the statement that selling is a part of giving adequate and the best possible service; and, in that connection it cannot be selling on the basis of the charge at Balaklava—

> "Theirs not to reason why,
> Theirs but to 'sell' or die."

It is a thing you have to think out, and selling has to be on a reasoned basis. That is particularly true when you start on a selling campaign.

The details of the information department's cooperation with selling are various. In the news, which the information department gives to the press, it can legitimately record the success you have in persuading the American people to make the most extensive use of the telephone and its accessories, which is profitable to their business or useful to their pleasure—which adds to their effectiveness, their comfort or their convenience.

In practically all the kinds of advertising, which the information departments prepare and place they are likewise cooperating with you.

In the competitive field the prime and practically the sole purpose of advertising and publicity is to increase sales by creating a demand for the product. In so far as this advertising is effective it may affect the cost of production by increasing the output and lowering unit cost.

In our business this is only one of several functions that advertising and publicity must perform. For instance:

1. We must inform not only our subscriber but the entire public from whom we have received a grant of monopoly, that we are discharging our trusteeship honestly and efficiently. We must tell them of our ideas and aims, and of our plans and our results.
2. We must, through the printed word, inform and even educate our customers on how to use the service, a part of which they operate. We cannot effectively serve them unless they understand their part of the operation. That is of immediate importance to selling in this way: if we help them to be satisfied with what you have sold them, the total result is immensely improved.

3. We must assist in the continuing effort to reduce the cost of operation by soliciting our customers' cooperation in many instances, such as giving us adequate notice their intention to move, answering the telephone promptly, etc.
4. We must assist in the sale of service, creating a better understanding of what constitutes adequate, comfortable and convenient service, and by stimulating a desire on the part of our customers for service.

What we in the information department are doing to do is not so much to sell a particular item such as you often are, but to create a state of mind in the public such that they will visualize the proper telephone service on as high a level as we visualize it, or are coming to visualize it. In other words, we in the telephone business want to progress as have some other industries—for instance, the plumbing business. They have changed the public state of mind so that one tin bathtub to a house is no longer thought sufficient. We have the same problem of changing the public's psychology, and when that is changed, the atmosphere in which you are going to operate will be entirely different from what it is now.

Of all the advertising the companies can do, I think the most helpful is what is known as institutional advertising. The object of this advertising is to give the public an understanding of the ability of the Bell System to furnish constantly better and better telephone service, to give to the public a conviction of the intention to furnish that service and of the intention to furnish it on terms that are not only fair but favorable to the public.

With your permission I am going to read you an institutional advertisement recently gotten out by the New Jersey Company (Figure 1).

The *Proof* of Telephone Policy is in Its *Results*

THE POLICY of the New Jersey Bell Telephone Company calls for adequate expansion of its plant to meet all of the growing telephone needs of the State promptly, and

IT PROMISES a progressive improvement in the convenience, speed, accuracy, quality and usefulness of the service, with reduction in cost consistent with moderate profits and important service developments.

During 1928 this policy produced substantial accomplishments, of which the following are examples:

EXPANSION OF PLANT A large construction program was carried out ($23,000,000). It included the start or completion of 66 buildings and building additions; 23 new central offices and major additions to 59 central offices; new equipment in large quantities and the extension of local and toll lines by the addition of 300,000 miles of wire. This expansion made it possible to serve substantially all applicants without delay and to give everyone the type of service desired.

More than 40,000 telephones were added in New Jersey, making 623,000 in service at the close of the year.

A considerable percentage of the wire added to the System was placed underground in stormproof cable, further increasing the stability of the service.

SPEED, ACCURACY, QUALITY OF SERVICE Special equipment and operating methods that greatly increase the speed of service in the late night and early morning hours were put into use in many central offices (in process in many others). This is an achievement of great difficulty and importance.

New equipment and methods were adopted that speed trunk connections at all hours and greatly increase their accuracy.

The quality of transmission of speech was materially improved with the use of special technical apparatus.

The time required to install service was reduced 20 per cent.

Nearly 750,000,000 calls were handled with a higher degree of excellence than ever before attained.

BROADER AND CHEAPER SERVICE Extended Scope service, eliminating 5-cent toll charges on calls to nearby places, was made available in 54 areas of the State, both on a measured rate and on a flat rate basis. Inasmuch as the Company was not in a position to reduce its net earnings, this is an important achievement. It increases the value of service while generally lowering its cost to the user. It makes possible greater speed and accuracy of calling, greater convenience, a reduction of billing difficulties and substantial savings to the public.

The extra charge for hand telephones was reduced 50 per cent.

The practice of reversing charges on station-to-station toll service without special charges was adopted, thereby reducing the cost for this kind of service about 25 per cent.

CONVENIENCE OF SERVICE The number of business offices was increased 25 per cent. New offices in convenient locations were opened in Jersey City, Hoboken, Union City, Bayonne, Westfield, Somerville, Princeton, Mt. Holly, Woodbury and Wildwood.

Additional information service and facilities for quicker correction of service difficulties day and night were brought into use.

A Bureau to supply the time of day accurately at a nominal charge was established to serve a large part of the State.

Special machines that produce typewritten monthly bills were installed in the southern territory, increasing the legibility and accuracy of bills.

CHESTER I. BARNARD
President

NEW JERSEY BELL TELEPHONE COMPANY

A New Jersey Institution Backed by National Resources

Figure 1

Why is that advertisement so important to the sales activities in New Jersey? For the very human reason that people buy more, and with more pleasure and satisfaction, from companies that they respect, like, and believe in, than from those toward which they do not have these feelings.

As far as it directly affects selling, the institutional advertising is designed to make the public friendly toward the company, glad to see its representatives, and disposed to put confidence in their statements. I need not explain here what these things mean to a sales effort. With the fundamental institutional advertising going on all the time, there is an opportunity to add direct sales advertising much more effectively than could otherwise be done—whether this be toll advertising, extensions, station gain, or for any other purpose depending upon what kinds of sales effort the particular company is carrying on. I believe that the broad basis of successful operation of your particular part of the business depends more upon the general character we have, and which we try to portray to the public in institutional advertising, than upon almost anything else. You put on top of that your special advertising; but, without the foundation, I think the special sales advertising will be far less effective than if it has it in good measure.

Consultation with your information department at the inception of your program, and cooperation through all stages, will enable it to give you the most effective support. The support to your efforts given by the national advertising of the American Company consists of both the all important institutional copy and also direct sales copy. This latter, of course, can not be synchronized with any particular sales effort of a particular company, but I think you will find that we shall be doing something in support of almost any kind of selling in which you will be engaged.

I have here a map showing the number of subscribers to the magazines in which the American Company advertises (Figure 2 on page 4). The institutional is 31,600,000; selling advertising of the Long Lines 11,000,000; and the sales of adequate equipment, etc., 21,000,000.

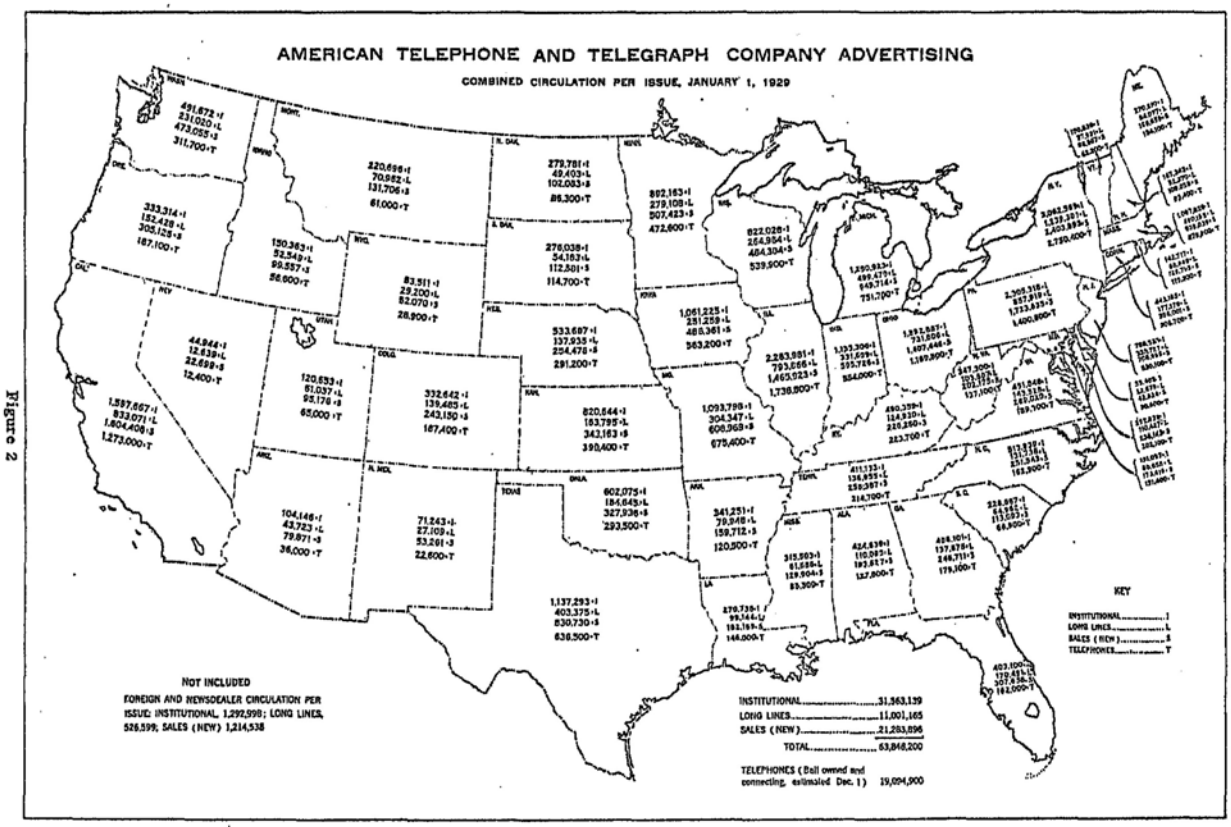


Figure 2

If you will check the figures through the different states, you will see there is an advertisement of each kind for every telephone that is now in it. For instance, Illinois has 1,700,000 telephones and 2,283,000 advertisements of an institutional character go into the state; 793,000 of Long Lines; 1,400,000 of sales. The advertising was some 2 ½ times the number of telephones there now. That will hold good practically all over the country. In a few cases the advertising is in greater proportion to the number of telephones and the reason is that those are states where there are a great number of connecting telephones not counted in the Bell System. Altogether you can see that we have in your territory both institutional and sales advertising which forms a very comprehensive and consistent amount of background material on which the advertising of your own company is superimposed—all behind the actual work which you do.

The information departments' interest in the sales campaign of the Bell System is not based only on the fact that they are responsible for the advertisements, pamphlets, movies, etc., which are a part of it. We have another larger interest. We believe that a continuous sales activity is necessary to proper relations with the public.

There is a common saying in business that the way to succeed is to give the public what they want. The word "want" is a very appropriate word in that sentence. It has two meanings and both apply. "Give the public what they need." You can tell them what they need, or what in your opinion they need, and undoubtedly they will have the necessary telephone service. But you will acquire little goodwill by that. People do not get particularly thrilled over the necessities of life, especially if the decision of what is necessary is made by someone else.

"Give the public what they *desire.*" Effectiveness, comfort, convenience, luxury, attention—these are the things the public most enjoys. Only by means of an imaginative, active selling effort can you find ant what the public desires and give it to them. We look upon your organization as a means to find out what they desire—not only to sell what we now have, but to find out what we ought to sell to serve the public most effectively; and after you find that out, it will take us some time to make the plant and deliver it. In other words, we are not now in the condition that some businesses are, in that they have one product to sell and it is only a question of turning out more and more of it. We are in a period in which we have to get out of our selling campaign as much information as we get sales. Only by such a campaign can you permeate the whole telephone organization with the fact that satisfactory public relations depend, not on what we consider satisfactory service, but on what the public considers satisfactory service.

About the most effective way to find out whether people like a thing or not is to try to sell it to them. The public instinctively recognizes this. It is this recognition that is one of the underlying causes of the public's suspicion of monopoly. Monopolies, as a rule, have not been so solicitous of the public's goodwill or desires. They have not solicited the public's business with the same care that the competitive businesses have. And the public has not liked monopolies. Now the Bell System is in one sense a monopoly, but it cannot afford to be a satisfied monopoly. If it is to get on with the public it has to be a solicitous, soliciting, selling kind of an organization.

The information departments cannot hope to be successful in their major task of keeping the public satisfied—and satisfied for cause—unless you are succeeding in your undertaking. You can, therefore, count upon our best efforts in behalf of your undertaking.

Under the old conception of monopoly, you gentlemen were facing your task under a handicap, without the spur of competition. While offering our cooperation in your undertaking, I hope you do not mind if we withhold our sympathy on the handicap arising from this lack of competition, for I do not believe you will notice the lack. By the time each of you has checked the results of one part of this territory with those in another, and some one else has checked each company with the others, and still further checked the telephone growth against the growth of other businesses, I do not think you will notice any lack of competition. For the truth is, gentlemen, aside from the competition of comparative statistics within the System, you are faced with the keenest kind of competition from the outside.

A business that finds it more profitable to have its salesmen reach their customers in Fords than over the wire, will spend more money on cars and less on calls. A woman who gets more pleasure out of flowers in the window than out of an extension in the bedroom, will have the other kind of plant, rather than ours. You are competing with everything from cigarettes to a trip abroad. There is competition enough to provide stimulus. There is, likewise, a margin of purchasing power among the American public that insures you almost unlimited possibilities.

You have a growing population. You have an increasing expenditure by these increasing people. These things in themselves provide a tremendous opportunity, but there is another without any such mathematical bounds as these have. That almost limitless opportunity lies in the power to change the habits of the public.

It is easily conceivable that people should use long distance with twice, three times the freedom they now do. It might become the style to have two or three extensions in an average house and fifteen in a rich man's house. Whether such changes come about depends in great measure on the kind of selling that the Bell System does.

I should like to go back to the thought I mentioned a while ago, that the first thing to do is to get from what we do now, the most accurate picture of what we should do in the future. You are not only a selling organization, but you are a laboratory from which we ought to find out what we have to sell, what the public wants, in what direction we are to go before the full flood of selling gets in force. We do not want to get the Western Electric Company and our whole force headed in any direction until we know that it is the right direction. What we are doing now is preparatory to larger things we ought to do a year and a half from now and, much larger than that, three, four or five years hence. I do not think any one need commiserate with you because of lack of opportunity.

Speech at AT&T's General Publicity Conference
April 1929

Page, A. W. (1929, April). The Problem of Forecasting Public Opinion in the United States. Presented at AT&T's General Publicity Conference.

Summary

Page provides a lengthy historical account of the United States' legal and economic record that highlights how the government reacts when industry becomes too powerful. He addresses the functions of public relations that are fundamental to businesses and the need to continually gauge public opinion. The functions of public relations include the need to communicate with the public about the company and the need to interpret public opinion and inform the company about the public's sentiments. Page also emphasizes the need to convince the public of the company's sincerity and the character of its operations. Great service, proper prices, and effectively handling publicity are all required for maintaining good relations with the public.

Key topics	Page Principles
Public Opinion – gauging public opinion	**Prove it with action**
Customer Service – good service	**Manage for tomorrow**
Regulations – Industry/Government	
Public Relations – PR functions	
Publicity	
Research	

The Problem of Forecasting Public Opinion in the United States

General Publicity Conference
April 1929

THE PROBLEM OF FORECASTING PUBLIC OPINION
IN THE UNITED STATES

For the benefit of those who were not present at our conference here last year I am going to review very briefly what I regard as the functions of the Information or Publicity Department.

Its most obvious function of course is to act as spokesman for the executive departments of the Company by the written word, motion pictures, advertisements, or any other way in which the Company speaks to the public. Its other function is the opposite of that. It is an endeavor by the Publicity Department to ascertain the public's point of view and to act as an interpreter of the public to the Company. Thus the

Publicity Department has a great opportunity to be serviceable, both to the public and to the Company.

Those are the two general divisions of our work that we have discussed for the last two or three years. I want to go a little further this morning and point out what I hope we shall in discussion agree is a little further amplification of it.

The Legal Department in the Bell System watches the laws and decisions that affect the Telephone Company as well as trying its cases before the courts and commissions. They do not, I believe, formally make provisional estimates of the legislation and rules of the future, but if you discuss with the members of the Legal Department, you will get from them some exceedingly useful points of view about the trend of legislation.

The Statistical Departments in the System tabulate the economic material, which bears on our business and also on general business. They project their studies into the future. All of the economic facts, which you can project into the future, have some emotional and public-opinion-forming reaction. Consequently there is an opportunity for us to take their findings and translate them into our particular function in business.

Likewise the Engineering Departments of the business not only take out the facts of their immediate concern, but their prognostications are brought down to estimates, and these estimates are translated into orders on the Western Electric Company. There is a great deal that we can get out of these things which will tell us what certain conditions are going to be in the future. And from that we can arrive at reasonable expectation of what public opinion reactions will be to those things. In other words, in order to conduct our part of the business from as forward-looking a point of view and as effectively as the other parts of the business are conducted, we need to know not only what is the state of public opinion at present, in general and in particular, but also what it is likely to be in the future, because if you are trying to help guide the Bell System to fit public opinion in the future, the nearer you can guess what it is going to be and the more you know about what the Bell System is going to be, the nearer you can bring those two things together.

Perhaps the prognostication of public moods and public trends may seem a little intangible. It may seem a little like the definition that I have quoted before of General Carty in which he said this is “an exact science about which very little is known.” But it can be done. When our people began to make professional estimates in figures, they were not particularly accurate. Even now they are not altogether so. But they have built up a technique over a considerable period of years and with a considerable amount of experience, and there isn’t any essential difference between recording things in words and in figures. That is, the figures may be as far off as the words, or they may be as accurate, and vice versa. I don’t think we need to be discouraged because the process that we are working on has not been developed as far as the processes of a similar nature have been developed in using figures.

I would like to give you one example from outside this business of the kind of study I am talking about. In 1915, when I was working on a magazine, I asked a very careful investigator if he would study what the prohibition movement at that time consisted of and where it was going. He came back, after some months of study, with a fairly comprehensive article in which he stated that the United States would have a

prohibition amendment passed in 1920. That was in 1915. Of course, he didn't allow at that time for the emotional acceleration, which came from our entering the war, although he might have. The study he made wasn't just based on asking people all over the country what they thought about it—whether they thought it was coming and whether or not they believed in it. I want to read you a little bit of that article to show you what kind of a process he went through.

"In one way the fight now started for national prohibition is unparalleled. It enlists a force of nearly two thousand regularly and in some cases highly paid employees, who will devote all their time to this work. With these men it is not an 'outside interest,' an avocation—it is a job. They keep at it all their working hours. There are only two branches of Society, so far as I know, that make politics a twenty-four hour occupation: the professional politicians represented by Tammany Hall, and the prohibition workers represented by the Anti-Saloon League. Reformers have often been advised to adopt the steady working hours of professional politicians; good men fail, we have been told, and bad men succeed, chiefly because the former work spasmodically and the latter keep at it all the time. Well, the prohibition workers have adopted this advice. The Anti-Saloon League has from 1,500 to 2,000 regularly paid workers—superintendents, assistant superintendents, and the like. In a majority of cases these officers are wide-awake, practical men. Once the leaders in this reform were more or less broken down clergymen; there are many clergymen still employed, but they are not of the broken down variety; and the organization also has a considerable assortment of experienced lawyers. Fighting the liquor interest is now a regularly recognized profession, and there are many men engaged in it who have never known any other occupation. The Anti-Saloon League is constantly on the outlook for fresh material. It regularly scans the graduating classes of our best universities, picking out here and there young men of devout lives and native organizing talent. These young men, on graduation, join the anti-liquor forces as a life work, just as others enter the legal and medical professions. That is, they become professional politicians in the interest of prohibitory laws. They are 'scholars in politics.'

"And these men not only know what they want but they have definitely formulated plans for getting it. There is nothing vague or haphazard about their goal or their methods. They fight the enemy rum wherever he shows his head. In addition to local option and other battles in their states they are working shoulder to shoulder for a Federal amendment. Their methods are almost exclusively political. The prohibition fight represents church activity in politics. The prohibition forces are after one thing and one thing only—the church vote. According to their calculations, there are thousands of church members in every community opposed to the saloon. Their programme is to organize this voting hostility so as to make it most effective politically. They utilize what is the most potent political force known—the balance of power. Here, for example, is a political community containing 100,000 votes. About 45,000 of these invariably go one way; about 45,000 another; this leaves a balance of 10,000, which controls the situation. Now the prohibition forces figure that they can control that 10,000. This minority represents a force of church members opposed to the saloon. With these 10,000 votes in their hands the leaders can dictate to the regular political parties. They care nothing about having a party of their own; this would be much less practical than the control of this minority. With these votes in their hands they can go to the regular parties and dicker. They ask one thing and one thing only. They care nothing for the tariff, the currency, or the conservation of national resources. The selected candidate can hold any opinion on these minor subjects. Neither are they especially squeamish on general

political character. They will take a demagogue like Mr. Hobson in preference to a statesman like Mr. Underwood provided that he meets their one requirement. This is that he support all the League's legislation against the saloon. The candidate who accepts this pledge receives the Anti-saloon League's 10,000 votes. That is all there is to the matter—it is a clear case of crass political bargaining."

In other words, in that case, as in a great many others, where you find a public sentiment, one of the ways of testing it is very often to find the organization that is working behind it. A real study of that organization gave this man the indication necessary for him to conclude that this prohibition movement was not like the two that had preceded it in the nation's history, but very different because it was organized on a practical political basis and had the power to succeed.

As a matter of fact, if the liquor interests had made such a study and believed it, they would have taken the compromise, which the Anti-Saloon League offered them during the war rather than fight it out.

Such conflict between various interests in this country is not new. From the very beginning of the country, the public has hired certain of its members to do specific jobs, to render specific services. These groups have the habit of organizing themselves very well and from time to time charging for their services more than the public thinks they are worth, or what is much the same, rendering unsatisfactory service from the public point of view.

Mr. Hoover has defined this as "domination by industry." There has been a constant struggle by industry to dominate and by the public to prevent it. One of the early manifestations was Hamilton's famous resumption of the debt.

What he proposed to do was something like this: the soldiers, contractors and various other people who had been paid for their services during the Revolution in paper money had not had the resources to keep that money in their own pocket. They had had to pass it along at a constantly depreciating value. Some of them got perhaps seventy-five cents on the dollar and some of them a nickel. There were people in the community, however, who had resources enough to keep this paper money, on the speculation that it would be made good. To those people Hamilton proposed that the country actually do make it good,—a hundred cents on the dollar.

In order to do that and pay the interest on it, tariff taxation was necessary and the tariff taxation of course would fall chiefly on the very people who originally had had that money and couldn't keep it. The only other taxes proposed were on the manufacture of liquor, which was the only manufacture in which those less wealthy people were engaged. Thus his proposal was that the people who already were fairly well off, but who had the depreciated money, be given this great increase in value. Obviously the rest of the crowd didn't like it. They were very strenuous in their opposition, but they didn't have any choice, and they finally agreed to it because they were so hard up they couldn't help it. In other words, at the very beginning, the group that was better organized and had the power was the banking group.

That lasted a while, but the other side didn't forget it for a minute, and a great deal of the power of Jefferson's program was to grow out of that. He was representing the little people, and when he came in, the little people's interest became dominant. In

spite of the fact that he didn't want to spend the money of the government for the very reason that he was afraid of the bankers, he bought Louisiana because that was going to mean more or less free land for the great mass of the population moving West. This gave them a speculative opportunity to make money.

We went on from that situation, in which the so called little crowd were more or less in the saddle, until we came to John Quincy Adams who was on the other side of the picture. He only lasted one term, and Jackson followed him and again harassed the money interests and finally broke the United States Bank.

That process went on in fairly well defined lines until the controversy of slavery upset it. After the Civil War it began again in different forms and has continued. It is continuing now. For quite a while Mr. Bryan was the exponent of the little people, his theory being that you could make cheap money and that would profit them and get them out of debt.

Of this process, since the Civil War, there has been a legal record, which makes it easier to see perhaps than the economic record. The Granger Movement in the early seventies resulted in the states acquiring the control over rates within the states-railroad rates. The railroads retreated to the fact that they were doing an interstate business. To meet that position, in 1887, the Interstate Commerce Commission was formed. It chiefly acted on complaints and its business was mainly restraining railroads from rebates and discrimination.

Three years later, the general act against all combinations (where the business was dominating the public) in the shape of the Sherman Law was passed. It wasn't very active until some ten or twelve years later in Mr. Roosevelt's time when we had the Northern Securities Case, the Oil Dissolution and the Tobacco Dissolution. Even that didn't fully satisfy the public, as against organized business, and in 1906 the Interstate Commerce Commission was given further power so as to fix rates.

During the time that these restraining activities were going an, they were to end in a great merger movement of much the same kind in general as we are having now, and at the end of that came the 1907 panic. I don't mean that as a parallel but just as a historical fact.

Mr. Roosevelt had largely identified himself against the organized business interests. He said that he was going to be fair to them. He wasn't violently against them like Mr. Bryan was, but if you read the New York papers of that time, you would gather that organized business thought he was against them. That was their opinion in the matter anyway.

Mr. Taft, following him, didn't become the champion of the little people, so-called, in that struggle, but was rather passive about it, and as a result we got the Wilson election which came on the basis of meeting two or three problems to the public satisfaction. One of the major ones was the old and very sensitive point of the control of credit. The Federal Reserve Act wasn't passed as a banker's measure. It was passed as a measure of the little people to prevent what was then called the money trust, that is the control of credit by the big New York institutions.

Along with that were passed two other acts, the Clayton Act, which went into the details and specific practices, which the Sherman Law had not taken care of, such as

interlocking directorates, subsidiary purchasing, and price discrimination. This was an effort to maintain competition at the point of sale as well as in other part of the distribution machinery.

Along with that came the Trade Commission. There were great hopes for that which from neither side I think are totally justified now. In practice, it makes investigations, creates publicity, and when a merger or a trade association or an institute or any of the modem contrivances for getting businesses together gets the approval of the Trade Commission, it gives them what you might call a presumption of innocence. The courts will still pass on it and may reverse it. Even if they are convicted of wrong-doing, they would not likely suffer the penalties that they would under other circumstances.

At the same time, the State Commissions which had not been interesting themselves in many things except railroad rates up to about 1907, began to take cognizance and active control of all other public utilities, including the telephone, so that that record of laws will show there has been a constant effort all along the line to hedge about, restrict and prevent the domination by industry of the general public.

I am going to ask Mr. Andrew if he won't give you the picture of the present mergers, which really follow right along as one of the interesting phenomena, which have come out of this preceding history.

(Mr. S. L. Andrew's paper is next attached.)

MR. PAGE continues: I thought I would go back a minute and recount a little of how the Bell System has fared in the period that we have been discussing.

It had its beginning at the time of the latter part of the Granger Movement, that is, the telephone came in then, and in spite of the fact that that was a period of rather restrictive legislation toward many businesses, almost all of the laws that affect the telephone were granting it privileges, such as rights of way and eminent domain, right to use the streets and varying degrees of favorable treatment in taxation.

But at that time we were part of the competitive field. After the end of the century when Mr. Vail had pretty well convinced the public that one telephone system was better than competition, the size of the system at that time did not result in its being attacked under the Sherman Law. It went along as far as these major pendulum swings of public opinion are concerned without being specifically the point of attack at any time. However, in about 1907, when the State Commissions began taking up all kinds of regulation, the telephone business came under their regulation as well as light and power and other industries. How much of that was due to public feeling about telephone rates and how much because we were in the general class that was being put under these regulatory bodies I don't know.

In 1910, the A. T. & T. was put under the Interstate Commerce Commission. Just prior to that, Mr. Vail had bought the Western Union. That was our first notable merger in a way. We had put together many telephone companies before but the Western Union was rather more novel to the public, and that stayed until the coming of the Wilson Administration, when it was brought before the Attorney General who said that he was

not free from doubts about its legality. He didn't specifically state that it was illegal, but under that doubt the company divorced itself of the Western Union.

In 1920, the Graham Act authorized the Interstate Commerce Commission to approve mergers and consolidations in the telephone field. In other words, it specifically exempted the telephone field from certain aspects of the Sherman Law.

Congress has not really legislated in an unfriendly spirit against the telephone business at any time, and the very mild degree of investigation and supervision that the Interstate Commerce Commission exercises over the A. T. & T. is evidence on their part that they haven't considered it one of the institutions which have tried to dominate the public.

With the exception of the special contract of leased wire investigations some ten years ago, the Interstate Commerce Commission hasn't done very much with us. Even the valuation of the properties, which I think was provided by law, hasn't even been begun.

That leaves us with a pretty good record as far as the whole system is concerned, and with that good record behind us and a fairly favorable situation for big business in general, as Mr. Andrew points out, it wouldn't seem that we had a great deal to worry about, and as compared to some other people and some other businesses, I don't suppose we have. Nevertheless, in these days things change very rapidly, and there are in all these things that Mr. Andrew explained to you, currents, some for and some against us, and by careful watching we might get a good deal of information out of them. We have in our own business two or three things, which the public is not altogether convinced about. We have our service contract, which still provides us with some trouble in certain localities. That arises, I think, from the public point of view,—from the fact that that contract is subject to use in a way toward public domination. If we wanted to use that contract against the public interest, it is so set up that it could be used in that way. In other words, we first have to convince the public that our character is such that we are not taking advantage of it, or when we come to commission cases and the court, to prove that we actually do not do so.

That still leaves room for suspicion unless the character of the Bell System and its constituent companies is so well presented to the public all over the United States that they are convinced that we wouldn't take advantage of that even though we have the opportunity to do so.

That brings us to one of our main problems, that is, that we keep this character of ours presented to our public all the time. If you have to argue the question after the other side has questioned your character, you are at a great disadvantage, and the only way we can be certain that we are going to be on the offensive, so to speak, rather than on the defensive, is to be sure that we are continuously presenting that good name.

If we had the service contract completely arranged to the public satisfaction, we have exactly the same condition again with the Western Electric contract. It is humanly possible under this setup to charge the associated companies more money than they could buy the same things for elsewhere rather than, as the fact is, to charge them less. The same line of reasoning holds here.

The first point is to have the public convinced of our sincerity and the character of our operations, and if we fail in that, we again have to go to the regulatory commissions or the courts and prove the facts in the case.

Moreover, the service contract and purchases from an affiliated company are things which have been used in other industries in a way that creates a risk of general legislation against that kind of thing, or general hostility against which might include us even though we are innocent.

Of course, the things that are fundamental about our business in maintaining good relations are service, which we take for granted has to be good, and the proper prices, as Mr. Andrews points out. There are two other items. One is the technique of handling publicity, which we have discussed a good deal in these conferences, and which, so far as I know, we haven't gotten ourselves in trouble by doing improperly. But the fact that other public service companies have gotten themselves in some trouble has resulted, not in the passage, but in the introduction of three or four bills in Congress, and the introduction of bills against certain methods of publicity, particularly against certain relations between corporations and the press, in a half dozen or more states.

There is also a question, which is constantly with us, and that is, dealing with the governing bodies of the various states and with the regulatory commissions. The technique of doing that properly and with a proper philosophy is about as difficult, or more so, than dealing with the press. From time to time, unless that is carefully done, that also has the possibility of getting us in trouble. Also if the other people who are around us make mistakes, we are likely to be classed with them unless we have taken the pains to differentiate ourselves constantly and regularly and all of the time so that we will not be thrown in the general horde.

Mr. Andrew's picture is fairly optimistic of our present condition, and I agree with him that it is a fairly happy situation. And yet, there are two or three points even in that which, it seems to me, would bear our watching pretty carefully to see whether, as we go along, the present indications continue.

There has been all through American history a very tender point with the public on the control of credit. It started, as I said, with Alexander Hamilton and it has kept on. You have two or three things going on now that touch that. While it is true that there are, approximately 27,000 banks in the United States, if you took the 270 largest of them, you would get something over half the deposits of the whole lot. That is not very different than the picture that people discussed as to size of the money trusts that led to the passage of the Federal Reserve Act. The condition is not the same because the Federal Reserve Act has done for the public what it set out to do. But these consolidations of banks may touch that tender point in some stage and in some way, as might the control of holding companies.

As Mr. Andrew pointed out, a great many holding companies, particularly in fields allied to us, have conducted their finances on a pretty optimistic basis That is, they have built largely upon the belief that the very satisfactory earnings and increases in business which have occurred in the last five or six years will continue indefinitely. They have sold their securities to the whole public on that basis, and many of them are particularly convinced that the distribution of securities is a great anchor to windward because they say all these people are interested. Unquestionably they are interested

with the public utilities and very favorably interested as long as the market continues to go up. But when the market goes down, especially if it goes down with any rapidity, I wonder if you wouldn't get about as much hostility by wide distribution of securities as it has acquired merit so far.

In this whole picture, it seems to me, we have just taken one economic picture. There are a good many other trends of public thought, which we will discuss a little later. But this economic picture of the effort of the public to prevent industry from dominating it or from charging it too much or doing anything that the public doesn't want, is the thing which vitally concerns us; all of its manifestations are matters for our investigation, to see whether we can bring to the executives of our various companies any information which would lead them to steer their course a little bit this way or a little bit that way to go with the main streams of public thought. There are minor streams of public thought which may not be vital in which in our other capacity we can be effective. That is, there are minor streams of public thought which perhaps we can change, if they are not things of really elemental importance to the public, but of the main streams our business is to find out where they are now and where they are going and to be sure that we are prepared to go in accordance with them.

We have an opportunity to project our thought into the future but before you do that you have got to decide on what are the particular lines you are going to study.

We haven't tried to give you the answer to that some time in the next few months, in so far as possible, I think we have got to put down the things that are worth while for us to begin to study.

My expectation is that we would find not a great many having general application to begin with. Some of them we already have got on our schedule in this conference. Then there would be various others which would arise in particular territories, perhaps for one company only, perhaps for three or four companies, and that with those two kinds of investigations going on, we would get started both on the collection of the information to guide us and also on the building up of a method and technique for doing the job.

In all of that kind of work, I think we have got to do, between us all, a very considerable amount of more or less systematic reading as well as observation. I have found, for instance, in the last year, books like Beard's "Rise of American Civilization," Siegfried's "America Coming of Age," Catchings' and Foster's books, such as "The Road to Plenty," and a book called "Emotion as the Basis of Civilization," very helpful and stimulating in working on this general kind of problem. I don't mean that that is a comprehensive list. It isn't. There are hundreds of them, and I don't think we all ought to sit down and read the same group. That would be a waste, but there is a necessity, if we start on this general kind of investigation, for keeping up not only with the current matter, but with the more fundamental books which, as far as my experience goes, produces more real leads and clues to things that are worth while than most of the magazines and the newspapers.

We have been discussing various different angles of watching the public trends. I am going to make quite a departure in kind from what we have been discussing and read you a part of an article by an executive of the moving picture business. He has done for

himself just what we have been discussing; that is, he has made a prediction for the years ahead.

He says:

"At least a score of trends are plainly visible from our corporation's administrative offices. These trends listed in connection with this article show what conditions will be ten or even twenty years from now."

"These twenty points help to guide our business decisions on policies, production program, sales, financing and even our selection of picture plots. Other businesses can and should use these same points as practical guides. Within the limits of one article we cannot prove all these points but we can show how we arrive at some of them and others are equally sound."

That is his general introduction. Now I want to read you what he said about color and form. He is quoting here where I begin the objection to his theory that is commonly voiced:

He said, "The other people say, 'True but my business is different.' "

His answer is, "That may be true but consumers are all alike. Your consumer and mine is of the same mind. He will make similar demands on every dealer. No one thinks a consumer who demands form and color in the theater will not bring the same demands into a store. For the next twenty years the people who are customers of business will tend toward physical motion, more speed, greater demands for service, broader sympathy with effective methods for meeting demand, mental motion and emotion, esthetic sophistication, form and color, higher artistic standards, a closer approach to equality of the multitude with the leader—altogether a condition very fortunate for the business man who is prepared to do business as a sophisticated populace will demand. It is possible that some of these indicated conditions of the future will fail to arrive. Something may be wrong with our foresight or our interpretation but they are so clearly indicated that even though they are in the future, their arrival seems much more probable than non-arrival, and I never found it a bad plan to look forward or prepare specially where preparation is a mere matter of study and does not involve much expense, to be constructively conservative by making sure that present indications line up with probable future circumstances."

That sentence also interested me, the idea of looking into the future and betting on it, to his mind and I think correctly, is the conservative attitude rather than the radical one. He continues:

"Clearly it requires much more strenuous effort by executives to get back into the trend after falling out of it or falling behind, nor does everyone find out soon enough how to get back in step. Many heads fall by the wayside during the efforts to recover lost ground, especially if the loss could have been avoided by foresight."

He is now talking about his main contention and most of his twenty items follow that general idea of sophistication and beauty of the demand, which will come in this country.

There are two aspects of that which we have already discussed quite fully in the Bell System, and I shall mention them again. One of them is the advantage we get out of our building program. I think there is a very great and ever-increasing advantage accruing from this. We build more buildings than the Federal Government and very many more than any other single concern. The fact that we take this seriously as a public duty to make those buildings look well, that we take it as our responsibility as a part of the United States, seems to me well worthwhile.

The other one is the appearance of our plant along scenic highways and similar places. I was quite impressed the other day to come across a complete study of the laws regulating roadside signs, in every state in the Union, which has been made by the Department of Agriculture. The Federal Government is taking cognizance of that particular aspect, and part of their report discussed the fact that it was unreasonable to have the public paying huge sums for roads only to have people come along and destroy the beauty of the highways which as one of the particular values for which the public paid.

The words of the Department bulletin are: "It is unfair to the motoring public that the very industries which depend upon the highways for their whole business should be the first offenders in erecting and maintaining thousands of glaring and disfiguring signs along our streets and highways. They shriek at them to buy gas and oil, automobiles and tires. The tourist is most frequently advised to stop at second-rate hotels. It is to the credit of many producers of the best products that their wares are not advertised in this way—certain oil companies and to others who have withdrawn from that practice.

"Billboard advertisers are not the only offenders against the highways. Nine out of every ten of the roadside filling stations and lunch stands merit the condemnation rather than the patronage of the passerby. These conditions will not be cured by scolding. The larger companies will abandon these invasions of the rights of the public, some through awakened conscience, others through necessity because this fight to clean roadsides is just beginning. A number of state highway departments have made splendid progress and some notable legislation has been made effective."

We have a case there very much like the example that I was talking about in prohibition. We not only know there is public sentiment in that direction but you can put your fingers on a half dozen organized agencies who are seeing to it that that public point of view continues to be effectively expressed. By getting in touch with those agencies, you can tell about what their program is and what their objectives are. They are reasonable people so presumably we can adjust our affairs to meet their program. As a matter of fact, the Plant Conference showed that our Plant Departments are well advanced in that particular direction.

During Mr. Andrew's talk, he spoke of the chain stores. If the chain store is going to devitalize the small town, we shall see social forces starting from that which will affect the telephone companies possibly in several ways. In the first place, the size and growth of these towns themselves; in the second place, the point of view of these towns toward organizations which are managed from places foreign to them. If the chain stores make the whole chain idea unpopular in the small town, we have to be exceedingly careful that we are not classed in the same category.

I don't know the answer to this chain store problem but it may contain new movements, which it is very much to your interest to follow.

Of course, we have already taken a good deal of pains to make some studies of our farm telephone situation. That goes even further than what we are doing for the farmer now. It affects the question as to what the movements in the farm population are. In some places farm population tends to centralize in larger and better farms and along the better developed highways, which would tend to make our problem in attending to the farmer somewhat easier than it has been. Whether that is true or not, I don't know, but if that should turn out to be one of the things we ought to study, there are obviously in the Department of Agriculture and in the state departments places where we can get the necessary information.

Another situation, which the economists speak of, is the problem of distribution. There has been a great new movement in this country called hand-to-mouth buying. Seven or eight years ago most of the distributors in the country were caught with large stocks of goods. In endeavoring to get out of that trouble they went to the practice of buying as little as they could at anyone time but buying frequently. They were able to do that because at that same time the railroads very much improved their service and the rapidity of their deliveries. That came partially out of the fact that the automobiles took enough local traffic away from them to clear up their yards and let them handle their business.

Along with that we came into the picture. I don't think we came into it from foresight based upon any economic study of this kind, although we may have; we came into it from the instincts of the operating forces based upon improvements in the long distance technique, and a desire to give better service after that improvement was made. But there is no question in my mind that the rapidity of long distance service is a great element in the effective use of this hand-to-mouth buying, because it is just as important to be able to keep in instant touch with your purchasers and your markets as it is to be able to get reasonably rapid delivery after you have ordered.

We will leave that for another idea,—local political patriotism, which materially affects the operation of a nation-wide business. Three or three million people in North Carolina are perfectly content to have the headquarters of their company in Atlanta, two states removed. They haven't any jealousy about that. They don't feel badly about it. We have a more or less similar number of people in Maryland who rather object to being attached to Washington, which is an hour away. You have less than a million people in Oregon who are not particularly keen to be attached to either San Francisco or Seattle. You have four or five times that number in Upstate New York who are perfectly content, or reasonably so, to be attached to New York. Your Pennsylvania Company is happy in its present situation, but if you tried to attach Ohio to Pennsylvania, you would create serious trouble.

Those local patriotisms, some of them in much smaller communities, affect us. In other words, there are a great many kinds of different streams of public emotion which it is important for us to know about, not only their present nature but what they are likely to be in the future, and what we have spent this session upon has been an effort to give enough examples in a rough way to convince you that we ought to organize the study of such things and that we can organize them so that the executive offices of this business will not have to make decisions relating to the political hazards of the business, which is

at least as great as any other which we have, without any staff work but merely out of their own good judgment.

Speech to the Bell Telephone Laboratories
June 1929

Page, A. W. (1929, June 15). Address. Speech presented to the Bell Telephone Laboratories.

Summary

Page addresses the challenges of monopolies and how Bell Systems must operate with the public in mind in order to avoid being regulated.

This speech highlights the responsibility the Bell System has to serve the public. Page encourages the company to do its "job so well form the public's point of view that there will be a minimum of regulation, a minimum of legislation and a minimum of complaint from the public." He talks about how the company must work to overcome the negative attitudes toward monopolies.

Key topics	Page Principles
Accountability	**Prove it with action**
Company Philosophy – Dallas Speech	
Competition	
Reputation	
Regulations – Industry/Government	
Public Opinion – influencing public opinion	
Monopoly	

Address

Bell Telephone Laboratories
June 15, 1929

ADDRESS

The civilization that we live in is an arrangement whereby different groups are called upon by the whole to provide particular services. One group will do service and one another. These services are done in three general ways. One way is by the public directly through its agent the government such as the collection of taxes, the work of the Post Office, etc. Another part of the services is done by voluntary groups of people, such as charities and churches, and a great deal of the educational work, and a considerable amount of scientific work, is started by voluntary, non-profit making groups. The last of the activities are those that we generally consider business, which are carried on under

groups having two kinds of contracts with the public. Of course they are not written contracts, but they amount to the same thing.

One of these contracts is, in general, the competitive contract in which the whole of us, that is, the public, say to a certain group, "We will let you do this and that and the other service that is necessary and we will let you make out of it what you can so long as there are enough other people competing with you." The public believes competition will result in our getting a reasonable service at a reasonable price.

The contract the Bell System works under is the other type, the regulatory contract. In that case the public says, "We will let you have more or less a monopoly in this field but we will fix the price and some of the conditions." The object of this kind of arrangement also is a reasonable service at a reasonable price. These two kinds of business contracts have been in vogue for a good many hundred years. When this country was started the competitive idea was stronger in people's minds, and still is in the minds of American people, than the regulatory one. In spite of the fact that we have had the Interstate Commerce Commission and State Commissions for many years the general public still thinks that it gets better service at a more reasonable rate from competition then from regulation. We in the telephone business have to take into consideration this public feeling in presenting our services and ambitions to the public.

The Bell System recognizes that it has a national responsibility. It is true that we do not own or operate all of the telephones, but we do own and operate so large a proportion of the national system and the strategic long lines that we have a national responsibility. It is our ambition to operate the nation's telephones to the public is satisfaction. It is really our ambition to do it mere to the publics satisfaction than regulatory bodies could tell us how to. This ought to be possible for we knew more about the business than either the public or the regulatory bodies. We know mere about what the cost of good service is, and it ought to be possible for us to do a better job and continue to improve our service beyond any standard the regulatory bodies should be able to suggest.

The best possible service at the least cost consistent with financial safety was the keynote of the speech Mr. Gifford made at Dallas. That speech will repay rereading from time to time. It was carefully written. It is very full of meaning. One of the main public relations jobs of the Bell System is to get the meaning of that speech into the public consciousness. When we have done that we shall remove the natural disposition on the part of the public to presume that we have a reason against doing what we said we were going to do. That presumption is based on the fact that they believe that our financial interest lies contrary to the best service at the least cost.

Now, of course, the crux of that Dallas statement was the answer to that public suspicion. In that statement Mr. Gifford said that we would pay to our stockholders a reasonable regular dividend and give them an opportunity to invest in the business from time to time. What does that mean? It means that we do not ask to make the most money out of this business that we can. It means practically that we ask the public to pay enough money to insure us having funds to continue the business and increase it, and that we will pay for that money a reasonable amount,—certainly enough to be sure that we get it. Beyond that, what we get goes back into the service. The residuary legatee in our case is the public. That means that we really have offered the public a more

satisfactory and generous contract than the regulatory bodies or the law has asked us to do. I think that is one of the most important steps that has been taken in any recent time in the very great problem of adjustment of the big business of democracy, and that is one of the great problems we have before us.

We can all see that we have acquired a very significant control of the material aspects of our civilization. One of the questions is whether our human adjustments can be made equal to the strain that our material advances bring. The Bell System Policy is part of our answer to that problem.

In that connection I would like to read part of the speech made by Mr. Hoover when he was Secretary of Commerce:

> "The advancement of science and our increasing population require constantly new standards of conduct and breed an increasing multitude of new rules and regulations. The basic principles laid down in the Ten Commandments and the Sermon on the Mount are as applicable to-day as when they were declared, but they require a host of subsidiary clauses. The ten ways to evil in the time of Moses have increased to ten thousand now.
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> "A whole host of rules and regulations are necessary to maintain human rights with this amazing transformation into an industrial era. Ten people in a whole county, with a plow apiece, did not elbow each other very much. But when we put seven million people in a county with the tools of electricity, steam, 30-floor buildings, telephones, miscellaneous noises, streetcars, railways, motors, stock exchanges, and what not, then we do jostle each other in a multitude of directions. Thereupon our lawmakers supply the demand by the ceaseless piling up of statutes in attempts to keep the traffic open; to assure fair dealing in the economic world; to eliminate its wastes; to prevent some kind of abuse or some kind of domination. Moreover, with increasing education our senses become more offended and our moral discriminations increase; for all of which we discover new things to remedy. In one of our States over 1,000 laws and ordinances have been added in the last eight months. It is also true that a large part of them will sleep peacefully in the statute book.
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> "The question we need to consider is whether these rules and regulations are to be developed solely by Government or whether they can not be in some large part developed out of voluntary forces in the nation. In other words can the abuses, which give rise to Government in business be eliminated by the systematic and voluntary action of commerce and industry itself? This is indeed, the thought behind the whole gamut of recent slogans 'Less Government in Business,' 'Less Government Regulation,' 'A Square Deal,' 'The Elimination of Waste,' 'Better Business Ethics,' and a dozen others."

Of course I think our policy has a broader significance and is a more fundamental method of approaching this matter than merely making additional rules. What we did was to announce a principle of treating the public fairly and that principle is exemplified in the specific recommendations in the policy that Mr. Gifford announced. With that intention you ought not to need all the rules because the activity will follow the proper course without being hindered at every turn. Mr. Hoover goes on:

"National character can not be built by law. It is the sum of the moral fiber of its individuals. When abuses, which rise from our growing system are cured by live individual conscience, by initiative in the creation of voluntary standards, then is the growth of moral perceptions fertilized in every individual character.

"No one disputes the necessity for constantly new standards of conduct in relation to all these tools and inventions. Even our latest great invention—radio—has brought a host of new questions. No one disputes that much of these subsidiary additions to the Ten Commandments must be made by legislation. Our public utilities are wasteful and costly unless we give them a privilege more or less monopolistic. At once when we have business affected with monopoly we must have regulation by law. Much of even this phase might have been unnecessary had there been a higher degree of responsibility to the public, higher standards of business practice among those who dominated these agencies in years gone by.

"There has been, however, a great extension of Government regulation and control beyond the field of public utilities into the fields of production and distribution of commodities and credit. When legislation penetrates the business world it is because there is abuse somewhere. A great deal of this legislation is due rather to the inability of business hitherto to so organize as to correct abuses than to any lack of desire to have it done. Sometimes the abuses are more apparent than real, but anything is a handle for demagoguery. In the main, however, the public acts only when it has lost confidence in the ability or willingness of business to correct its own abuses."

When he says that if the monopolist had had a greater vision the amount of regulation and legislation might have been less, he put his finger on the point the Bell System is working for; that is, our ambition is to do this job so well from the public's point of view that there will be a minimum of regulation, a minimum of legislation and a minimum of complaint from the public in regard to the job that we are doing. He goes on:

"Legislative action is always clumsy—it is incapable of adjustment to shifting needs. It often enough produces new economic currents more abusive than those intended to be cured. Government too often becomes the persecutor instead of the regulator.

"The vast tide of these regulations that is sweeping onward can be stopped if it is possible to devise, out of the conscience and organization of business itself, those restraints which will cure abuse; that will eliminate waste; that will prevent unnecessary hardship in the working of our economic system; that will march without larger social understanding. Indeed it is vitally necessary that we stem this tide if we would preserve that initiative in men which builds up the character, intelligence, and progress in our people."

I think that is a pretty accurate picture of the condition, and the course that he lays out is a pretty accurate picture of the ambition of the Bell System. Now he spoke there not only of proper treatment of the public but of the elimination of waste. This financial policy of the Bell System also bears upon that. It is a very interesting thing that the telephone was invented and the industry organized in one of the great eras of exploitation. Many industries in that era made great fortunes for some people and great

losses for other people. An individual made a great fortune and another lost his money. Those rapid rises and falls and great losses that have been common in other industries have not affected the Bell System. That means that from a capital point of view there has been practically no waste because of the character of the ownership of the Bell System, and that character has been achieved by conscious policy.

Because we set out to be publicly owned it is as much a part of our policy as the Dallas speech. We have as an owner, and practically a perpetual owner, a person of indefinite life and with all the money that he needs. That is because he is a composite owner. The 450,000 people that own the Bell System do not die at any one time, do not wish to retire at anyone time, and no emergencies arise that make them put pressure on the business to do this, that or the other. That means that the system can look forward to doing all this work on a long distance program, eliminating waste so far as humanly possible. It also means that no one will interfere with the progressing system.

This practice and policy in regard to finance is the answer the Bell System makes to the natural suspicion of the public that all monopolies are greedy and wish to make too much money. We believe that we get the savings of monopoly without its greed.

In other words, on the general indictment that is held against us, we have set up an answer which is not only an answer in words but in actual performance, as for instance in recent times our succession of reduction in prices for long lines messages and the constant reduction in Western Electric prices. All these things going to the benefit of the public are indications of the actual practice of this financial policy. It is a policy, which sooner or later, will be understood by the general mass of the American public and then to a large extent we will be, in the position, which Mr. Hoover outlined. We shall serve the public in the best manner we know with the least interference of regulation by Commission and the least interference by statute.

The public has a notion that a monopoly in itself breeds inefficiency, slothfulness and arrogance. One of the answers to the suspicion of slothfulness is our desire to sell our product to the American people who are used to the competitive business and who are used to judging the activity and energy of a business by the degree to which that business endeavors to sell its product. It is hard to convince the public that you are really energetic unless you have constantly tried to reach every person in the country and to sell him the benefits he ought to have from your service. The sales discussion, which has been going through the Bell System recently, has arisen not only because we would like to do more business, but because we cannot give the public the impression that we are as energetic as we ought to be unless we are doing this. I suspect that we will not be as energetic unless we are trying to give that service to every person that we can possibly reach.

There is a third suspicion that the public has of monopolies and that is inefficiency. I think our record and our reputation with the business in this regard is probably better than the other two. I think they probably understand more nearly what the Bell System stands for as far as efficiency is concerned than they do in regard to either its finance or its sales, and I think that is considerably due to the Laboratories. A succession of new inventions and new advances in science, which are dramatic, register on the public's mind and give the public the idea that if anything is to be done in the field of communication the Bell System is pretty apt to be doing it. That reputation has a

tremendous value to the System. It removes from the Bell System one of the usual attributes of monopoly—inefficiency. Of course, this efficiency is achieved also by definite policy.

Most businesses improve their technique and their practices by the inventions and ideas of the operating men in the field, and the Bell System has as much of that initiative in the field as other businesses. The Bell System has besides this the organization of the Laboratories and the staff departments at 195 Broadway with a large number of people whose only business it is to improve the practices, methods, material and inventions of the System. In other words, the setting up of an organization, which if it does anything must improve the business is, in itself, bound to produce a constant improvement.

It is also a face that although the Bell System is in the usual sense of the word a monopoly it has probably as much competition as there is in any other business. In your own practices there is not only competition from other research laboratories but there is a much more general and surrounding competition from the scientific world in general, because as a matter of fact what you are trying to do is to keep ahead of all the ideas that might be useful in communication, and you are in competition with the brains of the entire world.

The telephone also competes for the consumer's dollar with everything from bathroom fixtures to automobiles. Beyond that the Bell System has a particular kind of competition within itself. The operating companies, as you know, have detailed comparative statistics of practically everything they do. That competition between companies is more detailed than the competition that affects people in similar lines of business outside. Ordinarily one business competes with another, and if his total operation makes a profit he can stay on in business. But in the Bell System it is much more detailed than that. Every item along the line is compared and it is not enough for a company merely to keep a profit at the bottom of the ledger but all its efforts all the way down the line are compared. Consequently there is the competitive pressure to do every part of the job well. The result is that, if you take our whole picture, you have competition in the field, competition between us and all other businesses serving the public, and the extra competition, if you wish to think of it as that, insured by having a large number of people who have no other object than to improve the Bell System. There is probably a higher degree of competitive pressure in the Bell System than in any other kind of business.

If we can get all these things which I have talked about assurance to the public that we are offering our service on a more reasonable basis than they could expect under the laws and regulation and that it is our ambition to give them the very best service at the least cost; the fact that our philosophy embodies a selling activity that means we will try to reach the maximum number of people in the United States; and that our policies insure the maximum progress and efficiency, if we can get all these things working to their satisfaction and can convey these things both by words and deeds to the public, we ought to be able to reach somewhere near the almost millennium of which Mr. Hoover spoke, that is doing this job with the least possible interference by the public and regulatory bodies.

I do not mean that I am arguing against regulation or against legislation in the usual way that it is alone. I am not criticizing our lawmakers or regulatory bodies. The burden of proof is on us. We have to demonstrate that in the telephone business the public will receive the maximum service without effort on the part of lawmakers and commissions. I think we have made more steps in the direction of Mr. Hoover's thought than almost any other industry and I think we have a clear-cut philosophy, which ought to lead us to continue in that path. As we go into that path it seems to me that we are all engaged to serve the public continuously and well. Neither the law, medicine, teaching, nor any other profession has any higher standards, or is any more to the public advantage. It is also a happy circumstance that the materials of our business allow us to improve constantly so that as time goes on the people in the Bell System will continue to be of a higher and higher type exactly as they have grown that way in the past. Everybody in the Bell System will be dealing with complicated machinery, with a high type of personnel or with the public. We can look forward to being held in high esteem by the public and to working with as highly developed a group of people as any in the country. This it seems too me, is one of the most interesting pictures that any people in business might have.

Page, A. W. (1929, June). The Philosophy of Our Business. Speech presented at the Bell Telephone System's Engineering Conference.

Summary

Page outlines the philosophy of Bell System's business operations and how the company functions financially as a public service.

Page compares regulated industries (e.g., light and power industry) to those that are driven by competition (e.g., automobile industry). In either case, he points out that the object is to provide the public reasonable service at a reasonable cost. The Bell System focuses on providing a public service opposed to making money for particular individuals. The company's financial operations are discussed in greater detail. The company is intent on being less slothful, greedy, and more efficient than other monopolies.

Key topics	Page Principles
Company Philosophy – Dallas Speech **Competition** **Finances** – financial operations **Regulations – Industry/Government** **Monopoly**	**None**

The Philosophy of our Business

Engineering Conference
June 1929

THE PHILOSOPHY OF OUR BUSINESS

There are two general contracts which the public makes with business groups that serve them. That has been true for hundreds of years. One of them is a competitive contract. The other is a regulatory contract. In the competitive contract, the public says to a group of people, we will let you provide us with this, that or the other service, and the contract that we make with you is that you shall get as much money out of it as you can as long as there are other fellows in the same business. The regulatory contract is that we will let you do it, but as there is nobody else in the field to compete with you, we will specify the rates. The public's object in both cases is to get a reasonable service for a reasonable price.

Back in history, there were periods when the regulatory contract was more favored, and other periods, such as the time this company came into being, when the tendency was to favor the competitive contract. American background is strong in the belief that competition is the backbone of business, and that it is the way to do business for the public. The state regulatory theory is of the last thirty or forty years. It hasn't yet gotten the confidence of the public to the degree that competition has. I am now speaking from the public point of view.

Let's take the comparison of two industries, which have recently developed very rapidly, the light and power and the automobile industries. One of them has been regulated and the other has been in competition. I think if you would measure the service which the public got from the light and power industry against the service which it received from the automobile industry you would find that the public had fared about as well from the light and power people as from the automobile people.

When you come to the telephone industry, there have been no excess profits beyond the costs of doing the business. The Bell System has never made a great fortune for anybody. There have been no excessive or speculative profits. The public has paid what you might call the cost of doing the business and that is all. And I think, by and large, the telephone company has been as efficient as those businesses, which have been encouraged by the large fortunes under regulation or under competition.

Moreover, it appears to me that it is very much pleasanter to work in an industry that is devoted to the public service as its main object, than it is to work in a place, for instance, where one of the main objects is to make some more money for particular individuals. There is a single objective, and a higher social objective in our position then there is in a place where you work partially to serve the public and partially to see if you can't increase the income of some particular person or group of persons.

We are, therefore, in a little bit different situation, for the emphasis we place is not upon giving the last possible cent to the stockholder as soon as we can get it to him. We work on a long perspective. We pay our stockholders reasonable dividends—a fair return on their contribution to the System—and this leads them to continue to furnish us with money. But we do not pay more than that. A lawyer once phrased it that in the Bell System the public was the residuary legatee of all benefits, whereas in most businesses the stockholder was the residuary legatee of all benefits. That is an accurate description of our motives. The more I think about it though, the less inclined I am to believe that we actually pay our stockholders in the long very much less than other industries do. I think what happens is that in other industries some people lose money and other make fortunes; that in certain times those industries make a lot of money and other times no money. What happens with us is that nobody makes any great speculative profit at any time, and it is a fact that nobody has ever lost a cent in the Bell System. Accordingly, we run on a rather even keel, paying a fair return, which encourages people to continue to invest with us without waste and without speculation.

This picture of our financial aspect is one answer to the usual indictments against monopoly, which the public holds. The public is apt to think of monopoly as being greedy. Our answer is the policy announced at Dallas, that we are even less greedy than the law allows. We voluntarily have restricted the amount of money that we want to turn over to our stockholders and, as I say, the public is the residuary legatee of our efforts.

But there is another indictment to monopolies that is common in the public mind and that is that monopolies are slothful, because, having no direct competition, they are not under any necessity to hurry and push and struggle. That they rather take their time and are not particularly attentive to their progress. Now I think we have an answer to that too. The best answer to the public in that connection is a constant and unremitting sales policy. If you are trying to sell the public everything you have, exactly as a man who must do that in order to live, the public will recognize that you are interested in them. They will instinctively know that you can't serve a man unless you have sold him a telephone and they will judge your desire to serve him in considerable extent by your desire to sell to him.

I suppose that is true all over the world, but I am certain in the United States, which is a selling country, that an institution that doesn't try to sell will be differentiated from the ordinary business and marked as slothful.

Accordingly, from a public relations point of view, we should be interested in a selling campaign for its own sake. Such a campaign is an indication of a state of mind,which we must have in order for the public not to think we are slothful.

If the whole personnel is endeavoring to sell, you will find it makes a difference in their state of mind.

Of course, we do have, in spite of the monopoly in one sense of the word, about as severe competition, if not more so, than most people. I don't think we always recognize how severe the commercial competition is. You can get it clearly if you think of what the plumbing people did during the time the telephone has been in business. I don't know the dates but the real bathroom era came along about the same time as the telephone era. Plumbers have convinced people that they need a lot of bathrooms. They have the public thoroughly convinced. People do not talk about saving a few dollars or about small economies when they start putting plumbing in their houses. Everybody goes out on a generous scale, and certainly a scale of amazing generosity as compared with thirty or forty years ago.

Those fellows were getting money that we might have had if we could have had people thinking they had to have five or six telephones. The Vacuum cleaner and similar conveniences are in competition with us. We are in competition with all the conveniences and comforts of life. Then, of course, we have the competition that is inside the business, which I believe to be unparalleled.

I remember years ago when people were first getting up institutes and various schemes for combination within the law. The idea then was to exchange information so that people could compete on an intelligent basis. That was looked upon as a great step forward in intelligent competition. However there is no group that ever gets together that exchanges information with the detail and pressure that the Bell System does. I never heard of one, at least.

Competition arising from the comparison of what is done, here, there and everywhere in the System, plus the competition of the field's efforts to originate new and improved methods and ideas, practices and appliances, and the fact that you have a

large staff whose only function is to find out some better way of doing what is going on, makes a three-fold and detailed competition which I think gives efficiency, probably better organized than any other industry. That is the answer to the other general indictment of monopolies that they are not efficient.

The three indictments are, that monopolies are greedy, slothful and inefficient. I think we are actually set up to meet an three of these, and demonstrate that what we have is more efficient, less slothful and less greedy than any other arrangement that the public could set up for operating the telephone business in this country.

One thing in the paper of Mr. Kilpatrick at the General Managers Conference impressed me very much—the seeming paradox of increasing salary and wages and at the same time a decreasing labor cost. Of course the Bell System has constantly become more technical and complicated. It takes a better personnel than it used to, and in the future will continue to take a better personnel all the time. Ultimately, the large proportion of the people in the Bell System will be handling either high-grade technical problems, or very high-grade people, or the public, or probably all three. To my mind this means an aristocracy of management, a profession as interesting as any in the country and full of opportunities, and a profession devoted to the public service on a higher plane than any other I can think of.

DISCUSSION

Following Mr. Page's paper, Mr. Gherardi discussed the relation between the license contract payments of the Associated Companies and the costs to the American Company of rendering the various services to the Companies.

Mr. Stoll outlined the activities of the Electric Research Products Corporation and described the sales situation in the talking movie picture field at the present time. He also mentioned the proportion of the Western Electric Company yearly production, which is devoted to the manufacture of talking movie equipment. Mr. Gherardi developed the various advantages to the Bell System of being the leader in this work and of keeping abreast of all angles of the communication art.

Page, A. W. (1930, May). Public Relations. Speech presented at the Bell Telephone System's General Operating Conference.

Summary

Page discusses the need to improve the company's reputation and conduct research on the company's advertising and public relations' programs.

The Bell System is encouraged to improve its reputation by differentiating itself from perceptions maintained about big businesses in general. He discusses the impact of rate cases and customer service on the company's reputation. More research on the company's advertising and public relations efforts will help the company execute more cost-effective programs.

Summary

Reputation
Company Philosophy – Dallas Speech

Customer Service – customer service
Regulations – Industry/Government
Public Opinion – public opinion
Research

Manage for tomorrow
Conduct public relations as if the whole company depends on it

Public Relations

General Operating Conference
May 1930

PUBLIC RELATIONS

In going around the country last fall, I heard of a discussion that one of our public relations people had with an installer. After they had talked for some time, the installer really got down to brass tacks and said, "You have to understand that in this job you have to catch a certain amount of hell from the public." That was his fixed impression, and along with it he had the idea that the public was inherently unreasonable to a certain extent.

That point of view is one of the things that we have to work on. In the first place, I don't believe it is necessary to have a certain amount of hell. Experience in the past may have brought us to that conclusion; there has always been some, but there is less now than there used to be and if we work at it I am convinced the amount can be very much minimized.

What we set out to do very conscientiously was to see if we couldn't differentiate the Bell System from the common reputation which is held against big business; to give ourselves a different reputation, so that if there should be a tide of opposition against big business, we wouldn't just be washed along with that tide. Of course, that isn't the reason—just to get a public reputation—that we have concentrated so much in the last few years upon service as the subscriber wants it, nor is it the reason that the Bell System has adopted the broad principles set forth in the Gifford statement of policy. Those things were done because they were the right things to do; but having done them because they are the right things to do, if we properly manage and fulfill them and also manage the business of telling the public about them, we ought also to get the reputation that I was speaking of. So far, I should think we have the reputation as far as service is concerned. I think the story Mr. Hubbell has been telling about his trip down from Albany is a pretty fair and simple explanation of how we stand.

Mr. Hubbell was sitting in the railroad car next to a high state official, a gentleman who doesn't think as highly of us as he might. In talking with another man, one of his comments about the telephone company was: "Of course, these fellows are robbers and thieves (a milder term than he used), but they do know their business." He went on to tell about calling Syracuse, Utica, and New York City from Albany and getting absolutely perfect service.

We have, I think, a good reputation as far as the service goes. As to our being robbers and thieves, 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. It seems to me that we—and particularly the Public Relations Department—have a large job ahead of us, in getting that story across.

There is one considerable difficulty about doing it. The reputation you have now depends more upon what you did awhile back than it does upon the immediate present. What we do now will affect our reputation sometime hence. One of the difficulties with our reputation right now is our long-drawn-out rate cases. There was a center of infection or dislike for us in Michigan and Ohio for a long time. I don't know whether the New York case has more age than the Ohio or Michigan cases but they all have been with us a long time. There also was a rate case on the Pacific Coast.

It is interesting to see what happens as a result of rate cases. Not only do we have the trouble attendant on those things in the particular places where they are, but the same factors that make possible the consolidation of the Bell System into one organization and make it powerful, at the same time consolidate all the attacks on us. You will notice when you come to the discussion of regulating the telephone industry in Washington that you can spot the influences of those rate cases in Congress just as plainly as can be. If you read over Mr. Gifford's testimony, you can trace the origin of many of the questions. There was Senator Couzens, Mayor of Detroit at the time the telephone company had its rate troubles, and the rate case has been in his mind ever since. You have the Senators from the Pacific Coast who appear unfriendly toward us. You have Senator Wagner in New York discussing the evils of taking state regulatory

matters into the Federal court. I don't think I can see the Ohio case as easily because that has been more or less quiescent.

Let me point out another thing. There is a man from Oklahoma named Nakdimen. I read over the case he brought up in the courts, and it is about as unreasonable as you can imagine, and yet the very fact that he had this grievance against us was spread over about four pages of the Senate's questions to Mr. Gifford, and we receive letters about the case in New York every day or so.

In other words, if the tide is moving against you either because you are classed with bad tendencies in big business in general, or you have anything of your own which has caused dissatisfaction, any little thing will seep right into that track and accumulate. So, in order really to keep from catching the amount of hell the installer was talking about, you must have a very, very clean slate.

As Mr. Andrew says, we have authority for hoping there will not be any more rate cases. The absence of rate cases ought to help. We also have the basis for finally persuading the public we are not greedy or grasping about the money we wish to get, and when we are through asking for rate changes, it will be possible to explain that philosophy. It is difficult to explain it when you are raising rates. It can be explained theoretically but apparently the public doesn't take it very well.

I want to speak a minute or two about some of the things the Public Relations Department has been particularly interested in besides service. Of course, we recognize, as you all do, that the main base on which we must seek public approval is good service to begin with and that anything that improves service improves our public relations. But we have some things we are particularly interested in that would perhaps not be classed technically as purely service. One of them is the sales campaign. In one way that is service because it helps towards our objective of the best possible, and the most pleasing, service at the least cost. I wanted to call your attention to this aspect of it. Public relations has sometimes been thought of as a kind of thing you annexed to the telephone service as an addition to it and that it might be costly because, like ornaments on buildings, you might put them on after the building was completed. I want to make plain my conception. Sales isn't something you add to telephone service, but is an integral part of it. Some things improve public relations and make you money, and some cost you money. Sales, if properly and successfully handled, obviously increase net revenue rather than net expense. The same can be said of improved residence equipment because the actual result of that is not only to give an impression of up-to-dateness and alertness to the public but it also makes it possible to sell more and better telephone service at a profit.

Now then, you come to a third thing that we have been particularly interested in which is perhaps halfway between profit and loss. That is your buildings. There has been some feeling that the good appearance of the Bell System buildings was an expensive luxury, but that is not so. The main beauty comes from their design, their proportions, and the care and brains put into designing them. There is no reason for any material increase in cost and there ought not to be if sufficient brains are used on the job. I think that the architects all agree (I talked to Mr. Voorhees before he left and he certainly does) with that statement.

There are two other things we talk about a good deal. One is pole lines as they relate to the scenery of our highways and in our villages, and the other is the improvement of rural line service. On the surface, both of these are on the expense side of the business. If you remove your pole lines purely to improve the looks of things, it will cost you money. If you improve the rural lines on the basis of the standard we think they ought to have, you won't make money on them right away.

Both of these things would come under expense. We never expected nor argued that they should be done all at once or in any greater hurry than good business judgment dictates. We look upon them as long-view campaigns in which we have to keep ahead of the public's demand or the public's state of mind. Obviously, if we wait until the public insists that we take the pole lines off highways, it will cost us more than if we take them off gradually, at our own convenience and ahead of their desires.

Likewise, if we are a little bit ahead of the farmer all the time, giving him something that is constantly improving, he isn't going to rise in his wrath and add his political discontent to any other sources of opposition that may flow against us. I think it is worth mentioning at a time like this, when we are confronted with a careful scrutiny of all expenses. While we do not think these things should be pushed so as to make an improper and unbalanced expense figure, we do think that they ought not to be abandoned, restarted and stopped again, so that the thing isn't considered a part of our regular program and gives the impression that we are not serious-minded about it.

The reason I brought up those cases (and they are all old subjects) is that I wanted to try to make here the point that the pubic relations point of view perhaps takes more seriously the balanced managerial problem, which has been more or less the keynote of this conference than any other part of the business.

Good management can help to level out the rises and falls in business, which occur from outside, rather than accentuate them by panic in either direction. Then good service and public relations will be greatly improved. We feel that, as public relations is the most sensitive part of the entire plant, we are likely to be hurt more by violent fluctuations than any other part of it. So when Mr. Gifford and Mr. Gherardi are talking about endeavoring to maintain a more even progress in the Bell System and using brains and management and judgment in choosing what to do and balancing all the elements in the problem to keep it on a level, instead of letting it rise and fall as the curves of Mr. Andrew's chart do, that affects us more than anyone else. We are keener to have it work that way because the rises and falls will hurt public relations probably before they hurt other things and certainly if they hurt service they will hurt us.

We are equally interested with everyone else in both parts of the statement of "the best, most pleasing service at the least cost" because the public is always interested in what it gets and what it pays for what it gets. Of course, the final test of the business is the net revenue. The way that proves out in its worst manifestation is that you go back into a rate case. As we know, that is the particular manifestation that makes public relations more difficult than anything else.

Out West I heard a great many things that were tremendously interesting to me. Adding them all up, one item here, one indication there, and another in another place, they suggested one general deduction and that is this: As the people in the Bell System

become better trained and reach a higher level of ability, which no doubt they are doing, they have a greater capacity, further down the line, to assume responsibility. Of course, standardization is a process, which produces a uniform result. If you apply that process to a uniform product, if you take materials like lead or copper and standardize the process, you get standardized and perfect results. If you have a standardized process applying to a standardized condition you will get the same results. If you have a standardized process applying to different conditions and different people, you don't get the same results, and it isn't the method but the results, which you are after.

So that you have to recognize that in dealing with people there are limitations to standardization, which do not exist when you are dealing with materials. In order to allow people to practice the high art of departing from rules, of course, they first must know the rules and know them well, know why they are the rules and what their objective is. So that you must have a very high degree of training and a high degree of ability and a high degree of common sense before you begin to put your responsibility to depart from the rules very far down the line. There is no question in the world that when you do get that and you do allow that departure, you will be able to produce the results, that is, the proper result in each individual case, very much better. If you don't depart from the rules there is always a certain proportion of the cases which don't fit in with the standard practice.

That is really one of the fundamental reasons why private business is more acceptably operated than public business. Private enterprise has the right, even if it does not always exercise it, of discrimination in favor of the public. Public enterprise, under the law, cannot discriminate either in favor of or against anybody; it must proceed absolutely on routine. That is done to prevent discrimination against people or discrimination in favor of people on a political and not on a practical basis. The Post Office, for instance, must treat everyone alike whether their cases are entirely different or not.

Let's take an example. One of our men was sent out with instructions to remove a telephone because the people had not paid their bill. When he arrived he found that the man who owned the house was ill in bed and about to die. They told him it was true they hadn't paid the bill and they couldn't pay the bill; they were sorry but that was the situation. The rule was that he was to take out the telephone (and if he had been a Post Office employee under their rules, he would have had to take it out) but this fellow had sense enough to call up the office and tell them that he thought it was a foolish thing to do, that they ought to leave it in; and he did leave it in. I don't know whether that telephone ultimately came out or not. I don't know whether there was a profit or a loss under our accounting methods, but it was good business either way.

As I say, I think there are a great many possibilities in a contemplation and study of the opportunities of putting responsibility and a little freedom of action all the way down the line, perhaps even more than we have done, because I am not sure we fully realize to what degree of training and ability and responsibility and intelligence the average of the Bell System employees has reached.

Going back to the Public Relations Department and its exclusive responsibility, to be in style we also had a Hauser survey made and we also had it made in Pittsburgh. We had been doing institutional advertising for some twenty-five years and the advertising

fraternity all said it was a grand job and that it was entirely responsible for the good reputation of the Bell System. We couldn't take their opinion, as particularly valuable. We had many indications, but no particular proof, and we were anxious to find out, if possible, what we really did accomplish and to find out, if it was good, how to spend the money to better advantage. Before the survey was made I asked the Ayer agency, Mr. Cook, and several others who were interested, how many people they expected would be able to tell something specific from what they had read in American Company advertising. The general guess was from five to eight percent. More than 2,500 people were interviewed and 17 percent of them answered and told specifically what they had read.

There was a considerable percentage beyond that who could answer when Mr. Hauser's people would jog their memory. They would say on a question, "I remember that. I know this about the telephone company." That was worth something. I don't know what discount to put on it, but it was evidently of considerable value and indicated much wider reading and understanding of our advertising than we had supposed. We are a long way from being certain just what the results are but we are further along than we had been before. We are endeavoring to collect all the specific data we can, both on the sales advertising and on the institutional advertising, and along any line of information that we can get, because we hope in the long run to be able to do this so that we get a good deal more for the dollar than we now do.

Last fall, you will remember, I asked if the different companies would not prepare lists of those things which could be properly done to improve public relations, those things which could be left undone to improve them, and those things which are now being done which are particularly beneficial. We had a double object in that. First, all the data were to be collected by the operating line forces and in collecting the data, the very men who had the problem in hand could have the data. It was merely a device calling attention to the line of thought and the idea, so that I presume if there was any value in that idea a good part of it is on its way to accomplishment. The other thing was that we would make a somewhat rough but comprehensive picture of all the possibilities. They would cover a great number of items and those would fall into several fairly large groups. That turns out to be true. When you get that picture, you have before you a large number of opportunities for improving public relations and instead of going at the job and grabbing the thing that happens to occur to you at the moment, putting pressure on that, you can look over the whole list, survey the field with some accuracy and choose those things which at the particular moment seem the best possibilities under the circumstances.

These are efforts to bring the study of the human contact part of our business a little more clearly to mind. We don't expect to get results with the specific accuracy you can get in dealing with the plant or traffic results. I would like to point this out: Sometimes there may be a tendency to move away from these subjects and toward the other subjects because in some ways those other subjects are more susceptible to measurement. In some branches of the business you can send a man out to bring you back the exact facts with the thing added up at the bottom so you know the answer. You can't do that either with personnel or public relations, which are completely tied-in together. You can't get any such answer. You can't prove you are right. The estimates and the figures won't absolutely check out. We aren't dealing in a common denominator of figures. We are dealing with a lot of ideas that don't mean exactly the same thing with

one man as with another. It is not easy to handle and hasn't the advantage of being susceptible to proof that you did it at all right. We don't want to neglect it, because it is harder, but for that reason we should place even more emphasis upon it.

That, of course, is an attitude of mind and really the only reason I have taken all the time that Mr. Gherardi offered me was, just to keep that attitude of mind before you.

Speech to the Bell Telephone System's General Commercial Conference
May 1930

Page, A. W. (1930, May). Address. Speech presented at the Bell Telephone System's General Commercial Conference.

Summary

Page illuminates his audience on the success of various corporate advertising programs and discusses the results of corporate research the company is using to gauge the success of its publicity campaigns. He talks about the results of a survey that examined information individuals knew about the company as well as the impact of favorable editorials published in California.

Key topics

Advertising – advertising campaigns
Public Opinion – public opinion
Research

Page Principles

None

Address

General Commercial Conference
May 1930

ADDRESS

It will be easy for me to limit my talk to you this morning to a few words, because the preaching era about sales is over. Now that sales activities are being carried on there is no use to preach about making them.

I would like, however, to refer to the possibility of using sales as a governor to keep the peaks a little bit lower and the valleys a little more filled up. When we first discussed sales, about three or four years ago, the task of getting selling organized in the Bell System had to be done at a time of a rising market. The experimentation had to be done at a time when, normally, you wouldn't push sales because a great deal of business was coming in without sales effort. Now, however, the situation is reversed and we can find out what can be accomplished with sales effort.

The Public Relations Department is interested in this, of course, because we have always believed the selling state of mind to be the very best possible state of mind for people to be in who are dealing with the public. If you are trying to sell, you will be trying to please. We have another special interest, which is fundamental perhaps: that is our advertising. When sales activity was being undertaken and discussed two or three years ago we started the "comfort and convenience" advertising as pure sales advertising. I refer to the American Company's magazine campaign; the rest of the sales advertising is

done by the Operating Companies. Ours was originally started to encourage the idea, but just because it is not charged to the Operating Companies is no reason for not watching it or advising us as to its effectiveness. In a certain way it isn't a logical arrangement to have one group doing the advertising and paying for it, while the value of that advertising is determined by other groups. We surely would like to have your comments or criticisms and to know whether or not you believe it to be money well spent.

The institutional advertising, of course, is not directed toward sales but I believe it has a definite bearing on the general sales effort through the fact that it is very much easier to sell if you are liked than if you are not liked. To whatever extent the institutional advertising produces a favorable effect on the public, it is just that much easier to carry on all of the commercial activities.

It has been very hard to tell what institutional advertising accomplishes. Last year we tried to evaluate it through the Hauser Survey, of which you have all heard. Mr. Hauser's staff went to Pittsburgh and interviewed 2500 people. They made a very extensive investigation but there is only one portion of it that I want to mention. They asked each of the 2500 people if he (or she) could tell a specific thing that he (or she) had read in an American Company advertisement. Before they did this I had asked our advertising agency and various other people who are supposed to know about advertising, what proportion of the people so questioned would be able to speak of some advertisement specifically. The answers varied from about 5 to 8 percent, no one thought that the figure would be more than 8 percent. The actual tally from the Hauser Survey was 17 per cent. This was rather surprising to me and rather encouraging, because Pittsburgh is a fair proving ground and the test was a fair one. Besides this 17 percent, another group of approximately 20 percent remembered specific items of advertising with a certain amount of jogging. That is, if you said, "Do you know this fact?" they would say, "Yes, I remember that." This, of course is not as valuable a test, but it adds something.

I am mentioning the institutional advertising for this reason: In all of the Operating Companies you also carry on institutional advertising and the advertising account is a single account. It sometimes occurs, if sales are going strong, that no one says anything about the institutional advertising. If sales are not going very strong, someone may say, "Let's use the institutional appropriation for sales advertising." That isn't logical, nor do I think it is an accurate way of looking at the matter. If your institutional advertising is a good thing to do, then it ought to stand on its own feet. If the institutional appropriation is borrowed for sales advertising, under the impression that it will help the sales effort at no cost, we are misleading ourselves. Advertising costs money, and if you use it in sales you ought to make some measurement as to whether you are getting your sales or not, and only use it where you get your money's worth. It isn't so much a matter of where the expense is charged but of knowing what we are getting, in good will or in sales, for what is spent.

I was very much interested yesterday in certain discussions about training. It reminded me of a good many of the incidents that I saw and heard in a trip I made last fall. I was very much impressed then with the ability and training of the personnel in the Bell System. We are obtaining a higher type of personnel all the time and this gives us a better opportunity to do some of the things that were discussed here yesterday and, in particular, one of the things that I heard discussed on my trip, that is, the encouragement of a more liberal use of routine. In about 98 percent of the cases that

occur, I suppose, the routine takes care of them better than would any other method. In the remaining cases, however, you don't come out so well through the application of a routine, for the reason, of course, that you can standardize only that which is uniform. You can standardize a treatment of a metal because it will always react in exactly the same way. People are different, and there are occasions and conditions that are different.

These cases that do not fit standardization are a small percentage of the total cases, but they produce a large percentage of the trouble. It is most interesting to me to note how larger responsibility in handling these special cases can be given to employees because they are improving in their ability to deal with them. That is why, in the long run, I think one of our most interesting and important responsibilities is the training and development of the personnel. It has, from the Public Relations Department standpoint, tremendous value.

Recently, I had occasion to look at a collection of editorials about the telephone company in Michigan, where there have been some rate case troubles. The total number of editorials in favor of the telephone company was very large. In the collection I found three about an occurrence in California, which showed how favorable opinion spreads to help us in the same way as unfavorable comment spreads to hurt us and I want to tell you about this occurrence.

In some small place in California a gang had to replace a pole. They found some radio aerials attached to this pole. They took them off, removed the pole, put the new pole in and put the radio aerials back again very carefully. The fact that this thing had been done thoughtfully, in spite of the fact that those aerials had no business there, created a very favorable impression. The foreman had realized that in that particular case the aerials did no harm and had been thoughtful enough to put them back. It wasn't a very large matter but it took some intelligence and consideration. This news reached Michigan and contributed to the good-will of the Michigan Company, and I suppose it reached many other parts of the United States, although I haven't any evidence to that effect.

There is another aspect of it worth mentioning, the results on morale. The fellow who did that, and all his gang, when they realize that an independent action of theirs makes a difference, will find the job more interesting than if they follow a regular routine, even though in the case of the gangs outside there is a great deal of initiative allowed in their ordinary work. This line of attack seems to me to have great value, not only from the operating but also from the public relations and morale point of view.

Speech to the Bell Telephone System's General Manager Conference
May 1931

Page, A. W. (1931, May). Public Relations. Speech presented at the Bell Telephone System's General Manager Conference.

Summary

In this speech, Page provides an overview of how public relations currently operates within the company and details how it should operate. The impact of the company's philosophy (Dallas speech) is discussed.

Amidst the depression, AT&T emerged as the "first five billion dollar corporation." It is by implementing a sound public relations strategy as well as effectively publicizing the company's accomplishments and refusing to remain silent helped the company maintain fairly favorable public perceptions. Employees are a valuable asset for company communication. To help employees represent company properly they should be equipped with adequate insight and reasoning behind the company's operations.

Key topics

Company Philosophy – Dallas Speech
Competition
Reputation

Employee Relations
Regulations – Industry/Government

Public Opinion – public opinion, influencing public opinion
Monopoly
Public Relations – management's PR responsibility, PR functions
Research

Page Principles

Listen to the customer
Manage for tomorrow
Conduct public relations as if the whole company depends on it
Remain calm, patient and good humored
Realize a company's true character is expressed by its people

Public Relations

General Managers Conference
May 1931

PUBLIC RELATIONS

There has been very little discussion in this General Managers Conference, I am glad to say, which has not been upon public relations. That is as it ought to be. Mr. Carter quoted Professor Willets to the effect that the most noticeable progress in personnel work during the past ten years is the fact that personnel work has become a part of operations. Public relations is a part of operations. It always has been and can't be

otherwise. Good public relations is just a method of operations, just as good personnel work is a method of operations. They are integral parts of management and no management can be good that does not do them well.

The operating departments actually conduct relations with the public. What does the Public Relations Department do?

The Public Relations Department does a staff job. It plans, studies, observes and analyses the business to see what are the results of its conduct on the public mind, and it advises with the operating departments on the best methods of giving service that is satisfactory to the public. This staff function, if properly conducted, ought to be of great assistance to successful management in watching the course of events both inside and outside the business.

Besides this staff function the Public Rel. Dept. in the Bell System is responsible for advertising, publicity, motion pictures, speeches, employee magazines, etc. This is an operating function, which it is convenient to put under the same head as the public relations staff function.

I am not going to talk to you about the operating side of public relations. We discuss the technical aspects of that in the Public Relations Conference just as plant engineering is discussed at the engineers' conference. I am only going to say one thing about it. I think it is helpful every once in a while for the higher operating people to engage in publicity by talking or writing, for it is clarifying to one's ideas on public relations to explain them to other people.

The bulk of our public relations are handled by the plant, traffic, and commercial departments for public relations are relations with the public and these are the people who have them. Besides the contacts with the public of the plant, traffic, and commercial people, there are those of the management and the very important contact of the treasurer's office. The man or woman who gets a dividend check either from the A. T. and T. or an associated company has a very important contact with us—one which is the foundation of our financial reputation.

However, confining ourselves for the minute to the public contacts of our operating departments for a long time we have given good technical service by people of high morale. We have had good relations with the public for that reason; for a man with a good job who does it well is generally a pleasant person to deal with. He is in a good state of mind and that has been the basis of the Bell System's good record in the past.

Fairly recently we have made a conscious effort to improve on this naturally good performance. We have tried to add a special consideration for the customer's point of view to the good technical performance. I think we have made great progress in that direction. The intentions of the management and the forces are highly developed. The limitation on the effectiveness of our efforts is the limitation of our understanding of what the customer's point of view really is. I think we have been a little apt to assume what it is and to give him what we have assumed he wants—or ought to want. I believe we can profitably further analyze his desires so that our efforts to give him what he wants will be more effective.

Mr. Gherardi mentioned an instance of a further development in the public relations of our employees. He gave an instance of an installer who was not only courteous and considerate, but who took it upon himself to depart from his instructions and accepted practice. He had a sufficient understanding of what was behind the routines and his instructions to know that in that particular case, it was right not to follow them. Only continuous and careful training will give a working force—even one of high morale the understanding of what lies behind routines so that the force can be counted on to convincingly explain the reasons for what they do and in rare cases to depart from the routine. Without that knowledge the employees cannot safely be given the freedom to depart from routine even in exceptional circumstances, for they will not really understand what they are departing from. And without that training their explanation of the company's practices is likely to lack convincing force. They may even drop back to the old statement that they do as they do because it is a rule of the company.

How highly we develop our forces as creators of good public relations depends upon selection and training—depends upon how seriously management undertakes this task. To anyone who has tried other means of reaching the public mind, the Bell System employee body appears as a Godsend. They provide a better circulation than can possibly be had by printed matter or radio. In the first place, it is a tremendously wide circulation. Telephone people have millions of contacts a year with the public. Unlike the newspaper and the radio, the employee circulation usually reaches the public when it is interested in telephone matters. And unlike the press and the radio the employees do not have to merely tell the public something about the telephone, they can tell them what they happen to want to know about it. Moreover, as the employee is not confined to one set message, he can adapt his explanation to the type of person he is dealing with. It is like the difference between telling a story by advertisements and telling a story by a salesman attuned to the person he is talking to.

We have an advantage in our employees' contacts with the public over almost any other business you can think of. We have used it to a considerable degree and successfully. We can use it in greater degree and more effectively than we have. There is no better time to give good service with courtesy, understanding and discrimination than now when the public is critical and irascible. The real difficulty is not for the employees but for management. It takes a real effort on the part of management to reach this higher standard. But it is not a burden on the rank and file. It adds a certain novelty and change in interest to them. The added knowledge does not make their job harder. I think it makes it easier and pleasanter.

Mr. Gherardi spoke of the disadvantages of keeping good men in narrowing jobs too long. The ordinary jobs in the lower ranks are less narrowing and more interesting if they are accompanied with more understanding of what lies behind them. This affects all employees. This greater information is also an opportunity and stimulus to the exceptional men that come into the System in the lower grades and from whom we derive so many of our supervisory people. The selling of stock added variety. The employee sales campaign has done likewise. The training for these things made the regular jobs more interesting. Training in public relations ought to do the same. I do not know how fast these things should succeed each other, but I am certain that a constant succession of new angles to the job adds to the morale and the zest of the work.

Having added to their technical knowledge a consideration of the customers' point of view and a knowledge of what lies behind the routines they practice, can we go further? Can we give the rank and file sufficient knowledge of the business in general to enable them to act as its advocates and spokesmen? To make that concrete, what message have we that we would like to give to the public? We have one that has been thrust upon us. The price of almost everything is going down. Everyone is out of step but us. Theoretically, for us, to be in this singular position at such a time would cause unfavorable comment. And it is beginning to do so. We are beginning to hear questions here and there of why, when other prices are going down, telephone rates should go up.

At the Presidents' Conference and the Public Relations Conference last Fall we discussed at some length the advantages of portraying to the public the cheapness and value of our service.

The public has no absolute way of judging whether the price of a service is high or low. It has two rough methods of guessing at it. If the people rendering the service make great fortune the public is apt to assume that the price is high. Whether those who render the service make great fortunes or not, if the price goes up the public is apt to think it is high and if it does not go down in times like these, that is likely to give the same impression. The public does not in general believe that the associated companies make too much money. And the suspicion of too great profits in the A. T. and T. and the Western Electric is diminishing. We may not have convinced all the public that our profits are reasonable, but we have the facts to do so, and we have made some progress in presenting them.

But we have also an answer to the question, why don't local telephone rates go down? We answer that instead of the price going down, the amount and quality of service goes up. If this is the best explanation we can give I believe that we ought to be busy giving it to forestall the criticism that is arising. But I think it possible that there may be a better explanation. If the subscriber gets more for what he pays it might be possible for us to find out what he pays for what he used to get. I have to the solution of that problem, but I have seen some indications that the operating people may get it. At least one associated company is working on the problem in a very interesting way.

But by whatever method we do it we must meet the question of price. If we adopt the policy of silence, our very silence will condemn us. Other people talk both price and quality. If we talk quality only we shall leave a complete opening for anyone who wishes to attack us on price—we almost invite such attack. And if such an attack comes we shall then have to discuss price, only then we shall be doing it on the defensive.

And of course, if the employees can persuade the public that our prices are low for what we give in return, that is one of the best backgrounds for the sales efforts, on which we count so much.

These are the reason why it seems to me we should give our employees the best explanation we have on both price and quality and send them forth as spokesmen for the company. It may be that even with the best training we can give them, some will acquire only a little knowledge. And I know that a little knowledge is a dangerous thing. But while a little knowledge is dangerous, less knowledge is still more dangerous. Our people will have to answer questions about price and quality. If we do not give them the information, they must answer from rumor, gossip or with indifference. Answers based

on gossip, or on indifferent attitude are worse than the answers they would give with the help of training. Whether we assume the responsibility for the way they represent us on these questions, they represent us just the same. They are doing it every day.

I am quite certain that the general body of our employees can be trained to represent the company effectively even on complicated subjects. You have furnished convincing proof. Every time there is a rate case or a franchise case, you take the whole crowd in and tell them the story and send them out to tell the public. It is custom in the Bell System to do this under the hardest circumstances, when opposition has started. It seems to me that it would be easier to do it continuously and without pressure—to use our employee contacts to present our case in order to prevent attack rather than wait until it has developed to meet it.

After the conference last fall in which we discussed the advisability of affirmatively presenting our case both as to price and quality, the Information Department of the A. T. and T. stressed the ideal of cheapness in all its institutional advertisements. We sent out some samples of a similar nature to the associated companies. Mr. Gherardi, Mr. Carter and I have been over a pamphlet, which we hope to send out soon—designed to help in the kind of training I have been talking about. Some of the associated companies have been talking price and value in their advertisements and in the company magazines. My impression is that not much has been done directly with the employees either in training courses or joint conference.

We are not sending out the pamphlet I have just mentioned as a "standard practice." I am not certain that it exactly fits any company's requirements. Each company is responsible for its public relations and the means of making them good. And each company must have the freedom to act in order to fulfill that responsibility. We are endeavoring to make our analyses of the situation as clear as we can and to make our suggestion concrete that they may be understandable. What is done is a management function.

When I came to the telephone company there was a very fundamental survey of public relations going on. It was not called that. It wasn't called anything particularly. What I saw going on was this. Mr. Gifford was engaged in surveying the then position of the Bell System from every angle with an eye to what it would be like three, five, ten years later and at the same time studying the trends of thought in the country to see what their probable course would be and finally from these two studies to determine as nearly as possible how to keep the Bell System happily synchronized with the public.

There have been a good many results of this process—which continues—the continued effort for higher standards of service, the policy of personalizing the service, which includes, of course, courtesy, consideration of the customer's point of view, comfort and convenience, and a vast ramification of ideas that come naturally from the original conception. Then there was the crystallization of the financial policy of the American Telephone and Telegraph Company—and its announcement at Dallas—and this led, naturally, to the scrutiny of Western Electric profits and the relation of the Western to the rest of the Bell System, which has resulted in a series of price reductions. It led also to the change in the license contract resulting in the charge being reduced to one and a half per cent.

It would be hard to say just what would have happened if these things had not been done. But I think we can make a fair guess. For instance, this year we had an annual report, which was headlined across the United States under the general title, "The First Five Billion Dollar Corporation." We arrived at a most dramatic size in the midst of a depression and the critical state of mind that goes with it. Yet no newspaper warned the country against the dangers of our size—none said we were as bad as we were big. It took something positive to prevent that.

We can get another measure of the situation by the Illinois rate case. The progress of legal thought on intercorporate relations was going in a certain direction. This thought was crystallized by Chief Justice Hughes in the questions he asked the three judges of the lower court in sending the case back to them. Those questions indicated a different point of view towards the relations of the A. T. and T. under the license contract and the Western Electric Company with the associated companies. If Mr. Gifford's survey had not raised those questions before the Chief Justice raised them, his action, in this particular, might have been embarrassing. As it is, as Mr. Gifford told you the other day, we believe it will be an advantage to us.

Time and events seem to show that our overall strategy has been sound. Our general picture is good. The question is now whether by company, area, division, exchange we can manage our affairs so as to get the full benefit of the major plans. To my mind—and this is coming back to an old subject—our chief difficulty in getting the full benefit of our fundamental conception is the matter of price. We make the service as cheap as we can, the public can make it of unlimited value. A man may make a sale, get a job or hear his children talk over the telephone. No one knows the value of these things. Our services have fixed costs but infinite values. Some way or other we must present this picture so that because the local rates have not gone down the fundamental fact that the public constantly gets more for its money shall not be lost sight of.

Looking at our situation from a somewhat broader point of view there is another problem that affects us. Monopoly is still on trial, and we are a part of monopoly. However I think there is a very distinct change in the situation. Until recently it is fair to say that while monopoly has been under suspicion, competition has been taken on faith. The American people believed that it could do no wrong. It was not only the life of trade but the protection of the public. However some doubts had begun to arise about its efficacy and the present depression has very much accentuated those doubts. As long as competition was adjudged perfect on faith and monopoly was judged by what it actually accomplished the comparison was difficult. But as competition gets to be judged on what it accomplishes, and the critical eye seems to be turned in that direction, the comparison will be much fairer.

Some time back competition was not as ruthless as it now is, not because it was intrinsically more fore bearing but because it lacked the capacity to attain its present pressure. The development of public financing providing funds for large enterprises, the quantity production necessary for low costs, and the national distribution necessary for quantity production—these and the increasing rapidity of transportation and communication have changed the picture so that where organizations competed here and there before, they now face each other in every city, town and crossroad in the country. An organization confronted with this kind of competition at every point must have surplus capacity with which to wage war on his neighbors. At any point where he

gets an advantage he must push it whether the times be good or bad for if he is not prepared to get his rivals' trade they will be prepared to get his. The very definition of this kind of competition is over-production. With that come the cycles. Probably they would come anyway but certainly such competition accentuates them.

Under these circumstances I think we can expect the public to begin to compare competition and regulated monopoly on the basis of their performance. To give you some idea of what I mean let's take some rough comparisons between the performances of the competitive automobile business which has been hailed as the author of our recent prosperity and has enjoyed the public favor and the light and power business which is under general attack.

I. There has been considerable complaint of the power business on the score that it must have robbed the public for how else could it have produced the great fortunes it has. If the automobile industry is to be judged by the same criteria it will have the same question to answer in fact, an even harder question because the actual investment in the power business constitutes a larger part of its capital than in the motor business. No one in the power business, I think, ever rivaled the record of one of Henry Ford's partners. He put $2,400 in the Ford business and took out $39,500,000.

II. The power people have been accused of meddling in politics to gain franchises, rates, etc., which were profitable to their business. I doubt if they ever succeeded in getting from governmental agencies anything as valuable to them, as the good roads built by the government have been to the automobile companies and they heavily supported the good roads propaganda. I mention this only to show that propaganda is no more inherent in one kind of business than another. There is ample evidence that both can be conducted without meddling in politics and obviously the reverse is true.

III. The power companies are constantly referred to as a trust. There are approximately 38 big holding companies, 18 big independent units, and innumerable small concerns. In the automobile field there are two large companies—General Motors and Ford—who do 75 percent of the business, four others who together do 17 percent of the business, making 92 percent, and some 20 others altogether. In other words the automobile business is much more concentrated, much more of a trust than the light and power business.

IV. Some years ago there was suspicion that monopoly tended to deaden and industry, that it stopped scientific advances. Whether there has been more advance in the automobile than the power industry or vise versa there has been enough in both to dispel that notion.

V. On the other hand there is pretty good reason to believe that the consolidation of some 400 automobile companies into 26 has been attended by much waste and loss while the consolidation of the power companies has not been.

VI. There has been a disposition on the part of the public to assume that monopoly maintains high prices to get its profits rather than pushing sales to get the greatest volume. As a commentary on this a comparison between the Detroit Edison Company and Henry Ford is interesting. During the last five years the per kilowatt hour income from domestic consumers in Detroit

came down 22.7 percent. At the same time the price of the Ford Sedan came down 15.9 percent.

These are rough comparisons, but if they are at all indicative, they show that when judged by results the monopolistic power business has been as good if not a better public servant than the competitive automobile business.

Judged on these same criteria,

1. The Bell System has no great fortunes.
2. Plays neither politics nor political propaganda
3. It has a far larger percentage of the telephone business than any power group has in its field, and about as much as the two leading automobile companies together.
4. Its technical progress has been as great as in any industry.
5. Its consolidation has been accomplished without loss and waste.

But on the vital matter of price and sales, whatever may be the facts, the public impression is not favorable. From 1918 to 1930 the rates on second-class mail matter went up 82 per cent, on third class 21 per cent, on fourth class 10 per cent and there is an annual deficit of $150,000,000 on first class matter. Our record is not like that but the public impression is that while our toll rates go down, exchange rates either go up or stay put—that on the whole we depend on high rates rather than sales effort and reducing prices.

For us, it is exceedingly important that we change that reputation. In the first place we need the income from sales. Mr. Gherardi showed us some charts the other day, which indicated that the Bell System has maintained a more even business through this depression than most other fields of endeavor. I rather think we would not have shown so well without the selling we have been doing. What has been done has helped us immensely. The added program that is within our reach is one way for us to pull ourselves out of this slough without waiting for Providence. We need to sell, then, because we need the business. We need to sell because, as Mr. Ogden said the other day, it keeps our people public relations minded and produces favorable reactions with the public. Beyond that we need to sell to remove the suspicions that still flourish against monopoly. Our major program of public relations can not be wholly fulfilled without it. We believe in our kind of organization. We want the public to believe in it. In our effort to attain that major end we need sales. And we have an extraordinary opportunity. Instead of having a poor reputation in this respect we have within our grasp the best reputation in the country. You heard Mr. McHugh this morning speak of selling at a cost that would make us the outstanding sales organization in the country. Can you name another business that can sell at a cost of one and half or two per cent—or for that matter twice or three times that percentage? When we have such a record as that effectively demonstrated and spread before the public we are going to have one of the best and most effective arguments for regulated monopoly and one that will particularly appeal to the American public.

Old General Forrest's analysis of the art of war was "to get there first with the most men." Public relations is to get there first with the right idea. Our main idea is right. We are ahead of the crowd. The current of thought is turning in our favor. In spite of

present conditions the years ahead show unusual opportunity for good management. Good management will take every advantage of these favoring circumstances. Good management by precept and example will train and educate the people of the Bell System. That, of course, is the big step in public relations as in all other aspects of management. The Bell System really is its people. Without them the plant is as dead as the pyramids. But with a well-managed organization there will be good people, good service, and good repute with the public. There will always be problems. The job would neither be human nor interesting without that, but may I say again that in spite of the temporary difficulties the main tide is in our favor and it is time for us to put forth all effort to make the most of it.

Speech to the Bell Telephone System's General Commercial Manager's Sales Conference
June 1931

Page, A. W. (1931, June). Address. Speech presented at the Bell Telephone System's General Commercial Managers Sales Conference.

Summary

Amidst the challenges of the depression, Page admonishes the company to focus on selling and improving its reputation

His remarks at the sales conference focus on the importance of selling and the value advertising has in helping with these efforts. The company has always strategized and been informed by research about its operations. The objectives of the previous publicity conference are mentioned. The company needs to change public perceptions of the company and do a better job of explaining the value of its service in relation to its price.

Key topics	Page Principles
Advertising	**Manage for tomorrow**
Reputation	
Public Opinion – influencing public opinion	
Monopoly	
Research	
Sales	

Address

General Commercial Managers Sales Conference
June 1931

ADDRESS

I am going to speak a minute about advertising. We do Institutional advertising, which all the companies pay for in the license contract. For the Long Lines we do selling advertising which the Long Lines pay for direct. We also carry on two selling advertising campaigns for the Associated Companies, which are paid for in the license contract, although normally anything which produces direct revenue wouldn't come in the license contract. Those two campaigns are Telephone Convenience and Residential Toll. Because we are doing those campaigns on an unusual basis I would particularly like you all to look at them and see what their real value is. I wouldn't like to go on with them—just throwing them in the pot—unless they are producing some results and I shouldn't have any bad feeling if you should say they are not producing results enough to justify them and that we should save the money or use it some other way more advantageously. I think that one of the purposes that these campaigns originally had—to help sell the idea

to the Bell System itself—has been accomplished, so that they are not necessary for internal consumption. They may be judged now purely as selling advertising.

When I came to the telephone company there was a survey of almost everything in the System going on, a survey which produced the crystallization of the habits and practices of the Bell System into the Bell System policy, which produced the statement about personalizing the service with all the ramifications which have come out of that, the reduction in the prices of the Western Electric and the one and one-half per cent for the license contract. In other words, there was a survey going on of the major strategy of the business. That process goes right along. A part of that process was to start to train our selling forces. We began at a time when we had more business than we knew what to do with, which is a poor time to talk about training selling forces. Yet it was done because it was quite clear that that condition wouldn't last forever and while none of us were prophets enough to realize how deep the valley would be into which we were going there was no question about it that there would be a valley. In other words the major strategy of the game was that when the depression should come everyone else would take his proper place in formation and pass the ball to the commercial department for a touchdown. We are at that stage of the game now. The ball is yours. Not only that, but this phase of the game doesn't last forever.

Selling isn't an academic question. It is meant to produce results on a large scale while we are in this valley of depression. If this play comes off as planned, now is the time. The ball is in your possession.

There has been some discussion of the possibility of irritating people by over selling. I haven't been so worried about your bothering the public too much. I say that because another kind of picture remains in my mind pretty clearly from a year or two ago. A certain part of the public had an idea the Bell System was a nice, efficient old party that went along and took what business came to it and if that didn't produce enough money, it asked the public authorities to give it some more. The idea of getting some business for itself was not the solution. We were looked upon as being like the railroads or the street railways which needed a government agency to take care of them. Now, that isn't a fair statement, but there was a good deal of that impression because we did not have the same selling attitude as competitive businesses. The light and power companies made a better picture than we did because their accessory people were selling. The accessory stores were in a competitive position, selling washing machines and other electrical appliances just as hard as they could. One of the particular indictments of us inherent in peoples' minds is that we just sit by and make our living by raising the price rather than by going out after business. There is a lot of comment of that kind right now about the street railways and the railroads. People say those fellows saw automobiles invented, saw the number increase many fold and yet didn't do anything to adapt themselves to the new conditions. Fundamentally, one of the greatest things we can get out of this present situation is the reputation that the Bell System, although a monopoly, isn't the ordinary kind of monopoly and is just as alive at promoting its business as any competitive industry.

It is true the public is rather apt to think our prices are high because we haven't had a very good way of explaining them. The truth is our prices have been low and there is a commercial explanation of it. No business whose prices were very high could increase its daily calls 50 per cent between 1910 and 1920 and 100 per cent between

1920 and 1930. That is evidence in itself that prices are low because people don't buy in increasing quantities when a thing is actually too high in price. We haven't had the advantage of public recognition of those facts. That is a job that the information department is trying to do right now.

We agreed at the last publicity conference to work as hard as we could to emphasize the value of service and the cheapness of price in relation to the value. I think we can make a better job than we have of explaining to the public that the service is cheap. That will be an aid to a better job in convincing the public we want business by our selling efforts. Instead of the Bell System being an institution with no commercial reputation in the minds of the general public as far as selling is concerned, we have the possibility of building a unique reputation because there are elements in our business tremendously in our favor.

In the first place, employee selling is a thing in which we hardly have any rivals. The idea that we can obtain a large volume of business by employee selling at the cost we do would make most businesses green with envy. Our figures are very low. Moreover, we do a thing, which I have never heard of in any other commercial business. We say that the cost of selling is charged only against those things you can prove were sold. Nobody else does that. They all count the cost of selling against all the business whether it walked in, was brought in or however it got there. Not only that, but our employee selling and our special selling as discussed here yesterday are both on a very much lower basis of cost than most businesses.

We have the opportunity to make our reputation second to none in the commercial field. That will be an agreeable by-product to solving the immediate problem, which is to get more business and thereby demonstrate that we are in command of our business and can make it go, depression or no depression.

Lecture delivered at Lowell Institute in Boston
January 1932

Page, A. W. (1932, January 26). Social Aspects of Communication Development. Lecture delivered at Lowell Institute, Boston, MA.

Summary

In this speech Page gives an overview of how communication technologies have developed and how innovations such as the telephone have improved quality of life.

Page reminisces about the world prior to advancements in "modern" communication technologies. He highlights the societal contributions communication innovations such as the printing press, the telegraph, the post office, and the telephone have made. Instantaneous communication over long distances has revolutionized commerce, changed the news, and empowered people in business and social circles with the ability to communicate in ways never thought possible. The value of the telephone and how it facilitates modern communication is explored.

Key topics	Page Principles
Telephone – business and social uses, value of the telephone **History** – history and development of communications technologies, including the telephone **Research**	**None**

Social Aspects of Communication Development

Lecture Delivered at Lowell Institute
Boston, Massachusetts
January 26, 1932

SOCIAL ASPECTS OF COMMUNICATION DEVELOPMENT

The gentlemen who have preceded me in this series of lectures have explained to you some of the methods and results of telephone research. This work has laid the foundations of the talking moving picture industry, prepared the way for television, advanced the method of aiding the deaf to hear, produced an artificial larynx and contributed to the advancement of knowledge of electricity, metallurgy, pure mathematics and in many other ways, but these things are incident to the main purpose to which this research is devoted.

That main purpose is to improve electrical communications, particularly the transmission of the human voice. Specifically it is to enable you to be connected by

telephone more rapidly and easily to anyone of an ever-increasing number of people and when you are so connected to have your conversation clearer and more free from imperfections, errors and delays. It is the desire of these scientists to create as nearly as possible a condition in which you can talk to anyone anywhere in the world with the same satisfaction and with the same effect as if you were talking to some one immediately in front of you. To do that the telephone operation must be so good that you use it as naturally as you use your own vocal cords and it must reach anywhere that you desire it to reach.

Towards this ambitious goal telephone research has made tremendous progress in its half century of effort and it has ever widening possibilities ahead for it is one of the fascinations of the effort to add to human knowledge that each advance in stead of tending to reduce the possibilities that remain, seems to increase them.

In the charter granted to the American Telephone and Telegraph Company some nine years after Dr. Bell invented the telephone, the following vision of the future was recorded:

"And it is further declared and certified that the general route of the lines of this association, in addition to those hereinbefore described or designated, will connect one or more points in each and every city, town or place in the State of New York with one or more points in each and every other city, town or place in said State, and in each and every other of the United States, and in Canada and Mexico, and each and every of said cities, towns and places is to be connected with each and every other city, town or place in said States and Countries, and also by cable and other appropriate means with the rest of the known world as may hereafter become necessary or desirable in conducting the business of this association."

That romantic idea was written into the charter at a time when in actual practice there was very little intercommunication between points any distance apart, no telephone communication beyond 250 miles and, of course, none at all overseas.

Yet, although they had no definite knowledge of how their prophecy was to be fulfilled, their faith in the future was largely justified because at present about 92 per cent of the thirty-five million telephones in the world can be reached through any telephone in this country.

The vision that lies ahead is not, therefore, one of possible interconnection with other telephones in the world. In fifty years that prophecy has been largely fulfilled. The vision of the future is one of making telephone connections anywhere and everywhere so convenient and easy that its effect upon humanity will not be gauged by the possibility of people talking anywhere, but by the degree with which that possibility is used.

Some years ago, Dr. Wallace Buttrick, then the head of the General Education Board, said in a discussion of educational problems, that most graduates of Harvard College were illiterate.

A Harvard man present challenged that statement.

"Dr. Buttrick," he said, "do you mean that in your opinion most of the graduates of Harvard College can not read and write?"

"Oh, no," replied the jovial doctor," I don't mean that they can't. I mean that they don't."

The difference between the possibility and actuality is likewise an important distinction in the use of the telephone. Technically, the telephone system can be made to reach the whole world. Practically, the task is to increase our telephone systems as fast and as far as the use the public will make of them justifies. There are several limitations on the use that the public will make of them.

The habits of the sun constitute one of the great limitations on worldwide telephony. As it shines on only half the world at a time most of the people on one side of the world are asleep at the time those on the other half want to telephone. I remember when we were putting through the experimental calls to Australia. There were several of us talking, one after the other, on the New York end. We were all answered by one gentleman at the Australian end. Finally, I asked him if there was anybody else in Australia who could talk on the telephone. He said there was, but he reminded me that while we were talking at a convenient time of the afternoon in New York, it was half past five in the morning of the next day in Australia and there were not so many people who liked to get up at that time.

There is also the handicap of language, for while the telephone can translate the numbers you dial into language, it can not translate English into Chinese nor Persian into Spanish.

The question before the communication business is not what can we do technically, but what can we do that the people want and will use? We like to look upon our activities as a benefit to mankind and measure our progress in those terms. What good does modem communication do to humanity? It is some aspects of that question that I would like to suggest.

Up to the time of the invention of the telegraph, communication was, generally speaking, tied to transportation. A message had to be carried by a man and it could go no faster than he could go. It is true that semaphores, beacons, smoke signals and carrier pigeons were used, but the very limited amount of their use indicates the severe limits of their effectiveness. In spite of them it's still generally true to say that from the beginnings of history until the invention of the steamboat and the locomotive, man, horse, and sail provided the maximum speed of communication. The Romans, the Incas, and Kubla Kahn all had highly organized communication systems, as did the Persians. In one sense these are the ancestors of the modem post office and telegraph and telephone systems. In another sense they are not at all. The runners of the Incas, the Romans and the great Kahn were an essential part of the machinery by which a small ruling class kept large populations in subjection. These communications were largely made up of the military and political information necessary for the conquerors to maintain this rule over the populace.

Modem communication is chiefly useful so that large populations may know themselves by constant intercourse and thereby improve their economic status and their ability to govern themselves. The underlying purpose of the two systems is exactly

the opposite. One gave inside news exclusively to the few. The other is to enable every one to have the same news at the same time and to have equal facilities for personal communication. One tended towards exclusive power, the other tends towards equalization of opportunity. Communications are now one of the great agencies of democracy. In their origin they served the opposite purpose. I believe that the change began with an event not directly within the field of communications.

In a civilization like that of the Romans, the written word was used as a record and to some extent for communication. But the great mass of people being unable to read and write, were restricted to such messages as they could carry themselves or some messenger could remember for them. There was no substantial change in this condition until the invention of the printing press. That gave the written word, the printed word, a new status for the inevitable result of the printing press was that the mass of the people gradually began to learn to read and write.

That was the necessary foundation for the establishment of any general post office system with a modern purpose. While the messenger services conducted by the Persians, Chinese and the Romans might be called a postal service, they were not of the same character as the modern postal service—a cheap, rapid and inviolate delivery of written messages for the masses. That kind of a post office, which is a democratic agency, had to wait for the infusion of learning, which was based upon the spread of the printed word. The change in point of view did not come suddenly. Queen Elizabeth prohibited the carriage of letters abroad except by the master of the posts because she wanted to be able to censor all foreign communication. Cromwell applied the same idea to all of England.

The first post office in what is now the United States was organized under a royal patent granted to Thomas Neale in 1691 authorizing him to settle and establish within the chief parts of their Majesties' colonies and plantations in America an office or offices for the receiving and dispatching of letters and packets and to receive same and deliver the same. Post riders were dispatched between Portsmouth, N. H., and Virginia weekly except during the winter, when the trips were made fortnightly.

By the time of the Revolution the immense importance to a self-governing country of a general, regular and inviolate communication system was well recognized and the articles of confederation provided for interstate mails. The Constitution gave Congress very wide powers under which to establish a comprehensive post office, and on the earnest recommendation of Washington this power was immediately used. The post office was to be one of the main ties that would bind the scattered population together.

In Washington's first annual message in which he strongly urged a comprehensive postal law, his arguments for it were based chiefly upon the fact that a well-operated post office would encourage a knowledge of the laws and the proceedings of the government. The sociological value of general popular intercourse by mail was not generally grasped at the time for in the society in which he moved in the new republic, there were few people compared to the present who had occasion to use the mail except on rare occasions.

But the general use of the post office grew very rapidly. Communication by steamboat and rail added to its speed. None the less, communication was still tied to transportation. Communication, or at least a part of it, took on a separate existence with the invention of the telegraph.

The work of a surprisingly small number of men, of which Benjamin Franklin was one, made up the basis of knowledge of electricity up to the beginnings of the nineteenth century. Many people had worked in electricity but the essential contributions to the development of electrical communications were from a surprisingly small number of sources. The next steps, as is often the case, were made almost simultaneously in two places. Michael Faraday, one of the most distinguished members of the Royal Society in London, and Joseph Henry, a school teacher in a small academy in Albany, each without the knowledge of the other, contributed the scientific knowledge necessary for the invention of the telegraph. Neither was utilitarian minded and neither envisaged a public telegraph system. That came from the brain of a painter, Samuel F. B. Morse. With his application of Henry's and Faraday's science, fast communication began to be released from transportation.

As war dramatizes whatever it touches it is perhaps fair to contrast certain military events before and after the release of communications from transportation.

The United States declared war against Great Britain on June 18, 1812 chiefly on account of British activities under the so-called Orders in Council. In order to smooth the situation the British rescinded these Orders eight days after we declared war, but of course without knowledge of our declaration, just as our Congress had no intimation of their intentions. The peace that concluded this war was signed December 24, 1814, and the largest battle of the war took place at New Orleans on January 8, 1815. In contrast to this—at the end of the world war several million men in arms opposite each other ceased firing on the stroke of eleven.

Andrew Jackson's inaugural message in 1831 took 15 hours to reach New York and that speed was due to the extraordinary enterprise of the Courier and Enquirer. Seventeen years later, in 1848, Philip Hone, a New York merchant, wrote in his diary:

"The Milwaukee Sentinel' contains the following article—a most wonderful illustration of the magical performance of the lightening post, the last miracle of the scientific triumphs of the present age: At nine o'clock yesterday morning we had, by telegraph the news and markets from New York, distant fourteen hundred miles, up to three o'clock of the preceding afternoon. This is, indeed, a startling fact and may well make us pause and wonder at the agency which has brought it about." Hone comments, "I was once nine days on my voyage from New York to Albany."

The effect of the telegraph on the dissemination of news and on the conduct of politics would occur to every one, but I am not sure that the revolution in commerce created by instantaneous news would occur to every one so readily.

The Business Historical Society has given me copies of various New England merchants' letters in the days prior to the telegraph and cable. They are letters of instructions to captains and supercargoes of vessels. They are nearly all vague and

indefinite, because the merchant had no idea of what the prevailing price of his goods would be when they reached Canton, Tabago, Manila, nor what would be the price of the tea, molasses, hemp that the ship was to bring back. And if the captain of the ship sold his cargo well in Manila and bought hemp at what was a good price in Boston when he left, he could only hope that it would likewise be a good price when he got back. There is one letter from Canton from a captain of a Boston ship in which he says "The advices from England by the July mail do not warrant the prices previously demanded here for black teas." The letter was written on October 3d. He was bargaining on the basis of information from Britain three months old and the price he finally paid for it would not be known to William Appleton and Company in Boston, for whom he was acting, for several months more. Moreover, while he waited to bargain he had to hold his ship and crew idle, and while he was bargaining he had no idea what was happening to the price of tea in Boston and London.

The commercial situation between Baltimore, Philadelphia and New York on the one hand, and Cincinnati, St. Louis, New Orleans and Milwaukee on the other would be only relatively better than that between Boston and Canton.

It was not surprising, therefore, that the printing of the New York markets of Monday in Milwaukee on Tuesday morning was an event of importance.

The old trading without knowledge involved tremendous risks. Risk is expensive and the public ultimately pays the expense. We are disposed to criticize our present distribution methods. Perhaps we should do better than we do with the facilities for instantaneous reports from all markets. But what is possible now would seem the millennium of safety to the William Appleton and Companies of the thirties.

There is a story rather commonly accepted to the effect that the Rothschild fortune was greatly augmented by the purchase of securities in London the day after the battle of Waterloo was fought, when the Rothschilds had the news of the victory by special messenger and no one else knew the facts. Whether this case be true or not it is typical of the results of an undemocratic state of communications, in which the men with fastest messengers could be in the position of prophets. And so long as communication was based on a horse race or a boat race or a train race—so long as it was tied to transportation this condition continued.

For example, let me read you a part of a letter from Jefferson describing what happened when Hamilton touched the dead corpse of credit so that it sprang upon its feet. As you remember his touch consisted of having the United States agree to pay at par the obligations of the Continental Congress and obligations of the different states.

Mr. Jefferson after describing the measures wrote: "This being known sooner within doors than without, and especially to those in distant parts of the Union, the base scramble began. Couriers and relay-horses by land and swift-sailing pilot boats by sea, were flying in all directions. Active partners and agents were associated and employed in every state, town and country neighborhood, and this paper was bought up at five shillings and often at two shillings in the pound, before the holder knew that Congress had already provided for its redemption at par."

Had a modern communication system been in existence then the government could probably have put its credit on its feet without a scandal that created a prejudice impairing that credit from its restoration until Jackson destroyed the United States bank.

Prior to the advent of electrical communications there was a far greater opportunity for men to bet on events the outcome of which they knew with men who did not know the facts, and to call this practice trade and commerce.

By the time the telegraph was established the written word had attained both speed and mass production. Letters formed the main point of communication between people and letters were delivered as fast as man could deliver them with the aid of steam on shore and at sea. But the telegraph supplemented this with much greater speed for individual messages and also for new items so that the dissemination of news over the country through the papers was, for the first time, practically simultaneous.

The invention of printing, the spread of education and the invention of the telegraph had all greatly increased the value of the written word in communication. The spoken word had remained exactly as it had been in the city states of Greece. Man had still to find his neighbor before he could talk to him and he could reach no more of an audience than the strength of his voice would allow.

But the study of the science of electricity did not stop there. Moreover, scientists began to find out a great deal about sound waves and light waves as well as electricity. I hope no one will think me an iconoclast if I say that philosophy would have been more pleased with the logical sequence of communication development if at this time, or even earlier, the third type of communication waves had been discovered, that is, electrical or radio waves. Sound waves, light waves and radio waves are ideally suited for general communication purposes because they move in every direction from their point of origin, but sound waves and light waves cannot travel great distances over the surfaces of the earth. Radio or electrical waves on the other hand, do travel great distances in spite of the curvature of the earth. If man had discovered radio waves when the Lord intended him to do so, then in all probability we would have had radiotelegraphy before Morse discovered wire telegraphy. And wire telegraphy would have been recognized to be what it is—an improvement upon radiotelegraphy for the purposes of taking a message from one particular point to another. In the same manner had electric waves been understood when they should have been, when Alexander Graham Bell had discovered how to transmit speech waves, that is, sound waves, to electric waves, he would have had at his command, first, radio broadcasting and after that the next logical discovery would have been the method of carrying speech from one particular point to another along wires. The use of private circuits to carry speech from one person to a particular desired listener would have been acclaimed as a most notable advance. And as this could be done with none of the extraneous noises of interference, which characterizes much of radio reception, it would have added to the marvel. The world would then have assessed the discovery of wire telephony even higher than they did in 1876, for the world would have understood very much more what Bell had achieved.

Electric waves predicted mathematically by Maxwell in 1865, experimentally produced in 1888 by Hertz and adapted to commercial uses by Marconi in 1895, provide

the most direct use of electricity in communication. The wire telegraph and the wire telephone are additional steps to that fundamental discovery. The discovery of the wire telegraph and the wire telephone came first. When radio came along the public to some degree looked upon it, not as a predecessor as it properly was, but as a successor of wire communication, and failed to realize that these things are of a complementary and not a competitive character.

Radio is ideally suited for broadcasting with all that the word broadcasting signifies. Radio waves serve admirably in a one-way communication system for the dissemination of news, music and entertainment. They serve also for two way communication over those routes where the cost of wires in relation to the amount of traffic renders wires or cables for the present, commercially unjustifiable. Radio also is the only method of reaching ships at sea and aircraft in flight. But for the millions and millions of two way telephone conversations and telegraph messages between particular points, the wire systems are by far the most practical media.

Since the time of this discovery in 1876 the spoken word has regained in a large measure the position it had in the time of the Greeks and Romans, that is, it is the most common form of intercourse between individuals at a distance as well as when they are close together. The increase in speed, which came to the written word first through the post office and then by the telegraph has been applied to the spoken word in even greater degree. Mankind is now equipped with both facilities. A man may write to another anywhere in this country and have the written message promptly delivered. He can take up his telephone and talk almost instantaneously to anyone anywhere in this country. If he and his correspondent have a great deal of business, he can write on the teletypewriter in his office and have his correspondent's teletypewriter on the other end of the wire type the message in unison with his own. He can even, within the last few months, have his teletypewriter connected by a switchboard to different subscribers just as his telephone is connected through a switchboard. He can send messages by cable or radio and he can talk by a combination of wire and radiotelephony to anyone of 92 per cent of the telephones that exist in the world. In other words, we have the instruments for talking or writing instantaneously to anyone anywhere at any time. And the wires carry news to newspapers and the wire networks for broadcasting enable us to get a message from any point in this country to practically everybody in it simultaneously.

What use do we make of these facilities?

The post office, which does the part of written communications still handled by transportation, delivers about sixteen billion letters a year, that is, sixteen billion personal messages, as they are first class mail. The telegraph companies deliver one-fifth of a billion messages or one to every seventy-five letters. There are about twenty-seven billion telephone messages, or about five telephone messages to every three letters. The voice has become the main method of communication between those who are separated, which is entirely natural, as talk is the main method of communication between those who are together. The social consequences, which have eliminated distance as a barrier to the human voice have been as revolutionary as the elimination of time from the transmission of the written word and is quite as much taken for granted.

These communication facilities are the natural tools of a democracy. To what extent they have increased democracy it is idle to speculate, but they have come with it and are a natural part of it. Knowledge is power and the control of knowledge is power. The control of communications and, therefore, of the knowledge of specific events, is a very important element in power. If that is in the hands of a few autocracy is almost inevitable. If it is in the hands of the many, democracy is possible. And generally speaking, the wide use of public communication is a symptom of democracy. Those countries, which are democratic in their social, political and economic structure, use the tools of communications to the greatest extent. I said particularly that where communications are available to the many democracy was possible. It is not inevitable for the tools of mankind cannot automatically make mankind over. Providing China with railroads and telephones will not make a stable democratic government. To do that the Chinese will have to acquire the knowledge and habits and desires for that kind of government.

There are those who are critical of our modern age and seem to believe that at the present time the tools control the man rather than the man controlling the tools. But I think they say this chiefly because it is easier to blame the machines than it is the people. Our machines do what we tell them to—they add to our powers but they do not direct our purposes.

The ability to have personal contact with other people is the principal source of both pleasure and power for the individual. That increase in power is easily thought of in connection with business. It is true that modern business could not go on in its present form without modern communication. It could not go on without the telephone. Without the telephone you could not have a skyscraper, for you could not get enough elevators in a skyscraper to carry the messenger boys that would be necessary to deliver the notes and telegrams. The telephone has in this way allowed us to congregate where we wish to congregate. It has also facilitated living in the suburbs and in the country so that it has allowed us to disperse where we have wanted to disperse. Instantaneous communication has had an essential part in increasing the average income in this country for it is an essential part of the improved machine tools and methods of production and distribution.

Modern business is based in varying degrees upon the communication system in which the spoken as well as the written word can be instantaneously projected to any necessary point. It is true as the last two or three years have made painfully apparent, that all these modem tools put together have not eliminated the vicissitudes of human affairs. They are not automatic and as I said before they do not control mankind. They give man the power to do many things he could not do before and to do other things with greater facility, but they do not control the degree nor the direction in which he uses that power.

But equally important with the business use of the telephone is its social use. It has added safety, comfort, convenience, and a wider range of friendly human contacts to the people's lives. How do you measure the value of hearing a baby's laugh over the telephone? What good is it that you can get a friend for lunch on the spur of occasion? How valuable is it to be thirty seconds from the firehouse even if the fire-house is half a mile from you?

Before the advent of electrical communication a man was apt to confine his human contacts largely to his immediate neighbors, for the simple reason that he could not easily maintain contacts with anyone else. A man's neighbors now are more the people of his choice than those who happen to live next door. This may add to his enjoyment and development.

These things are so common that it is hard for us to realize that, taken in the aggregate, they form an immense addition to human comfort and happiness. In saying that, I know that there is no statistical proof possible that people are happier than they used to be, for happiness is not yet a measurable quality. Yet there is one basis on which to gauge the increase in comfort or happiness arising from rapid communications and that is the ever-increasing desire of the people for them.

Of course there is occasionally a reaction against increasing power, for with it goes inevitably an increasing sense of responsibility.

We have had instances in this country of voting to abolish the results of science because they tend to increase the necessity for thought. There are other people who dislike the other aspects of modem science because they too increase both opportunity and responsibility. I have heard of a summer colony in this country that is in this state of mind. The inhabitants hold, with O. Henry, against having their retreat damaged by improvements. Tradition is against the telephone. Yet some years ago a new comer joined this colony and brought a telephone with him. Outwardly respecting the traditions of the place he had the line to his house as well screened by trees as possible and he put the instrument in the upstairs hall so that no visitor would be scandalized at its sight. The tradition against the telephone still remains but the gentleman with the telephone has had to take great care in what costume he emerges from his bedroom for at any time of the day or night there may be a neighbor in the hall telephoning.

Years ago I used to hear people complain of the farmers' wives gossiping on the telephone. Yet that was probably by far the most important function of many a rural line, for to keep a woman from going insane from loneliness is far more important than finding a market where pigs sell a half cent higher a pound. The telephone in its social uses saves people, particularly women, an immense amount of time and drudgery. What do we do with the time we save? I don't know. Again I can't prove that it is usefully, profitably or spiritually employed. But people think, at any rate, that it adds to the fullness and happiness of their lives to save that time and I think there is an instinct in all of us that cries out for the opportunity to experiment with the high art of living without having the experiment entirely controlled by the time and difficulty of making a living.

Temporarily, now and then, the world and the people in it are too much with us, but we; like our ancestors, are an energetic and sanguine people. We want more command over nature, more tools, more appliances, more power, for we believe in ourselves and enjoy being, in so far as we can manage it, the captain of our souls and the masters of our fate.

To those of us who work in the science, art or business of communication, this is the inspiration for our work. We believe in the urge of mankind towards better things. We believe that in removing the limitations of time and space from the words of man we are giving him the ability to make a more effective civilization. And particularly we believe it is important to increase the influence of his brain by facilitating human intercourse for it is by the origination and spread of ideas that progress is made. They are far more important than any material things.

Electrical communication has been used to revolutionize the methods of commerce, to make the news instantaneously common to all men, to restore the influence of the spoken word in politics, to bind this country together with a constantly changing but ever present web of words, and recently by the transatlantic telephone, to make a great change in the conduct of international relations. These and many others are the proof that electrical communication has given man immensely increased power. Whether it is used to make more money or better men, to increase comfort and happiness or the opposite, to make a better or worse civilization, to promote peace or war depends not on the facilities at his disposal but on man's desires. But being optimists both as to the public's intentions and abilities in the long run, we get a satisfaction from adding to those powers by spreading the word of man instantaneously to the four corners of the country and almost anywhere else he wishes.

Speech to the New York Telephone Company
March 1932

Page, A. W. (1932, March 28). Talk on Public Relations. Introductory remarks by Victor Cooley. Speech presented at a Public Relations Course, New York Telephone Company.

Summary

This lecture was delivered at the conclusion of a nine-week public relations course. Within this speech, Page discusses his vision of public relations utopia—to operate in the public interest in such a way, that politicians and the media receive backlash for openly criticizing the corporation.

Page explains how propaganda is often conflated with public relations and how these are two very different things. His ultimate public relations goal is to position the company in such a manner that neither the press nor the politicians politically profit form publically attacking the company. Should criticism come, politicians would lose votes and the newspaper circulation would decline. The Bank of England is referenced as an example of an organization that has reached this ideal state. To attain this public relations utopia Page suggests demonstrating that the public's interest and the corporate interests are one in the same.

Page talks about how to help employees take pride in the business they work in. He believes in providing employees with a sound understanding of the business and giving those inside the company a philosophy or roadmap to guide them. Providing good service, the way the customer views it—and wants it—is important. The company's sound financial strategy is also discussed.

Key topics

Company Philosophy – Dallas Speech
Customer Service
Employee Relations

Finances – financial operations
Public Opinion – influence of public opinion, operating in the public's interest
Public Relations – PR utopia
Propaganda
Telephone – value of the telephone

Page Principles

Tell the truth
Listen to the customer
Realize a company's true character is expressed by its people

Talk on Public Relations

Public Relations Course
New York Telephone Company
March 28, 1932

TALK ON PUBLIC RELATIONS

Introductory Remarks
(MR. COOLEY)

For nine weeks you have been coming here each week to hear a discussion of some aspect of public relations work. Today is the last meeting of the course, unless we go completely collegiate and have a few reunions. The song is over, although we hope the melody will linger on.

In closing the course we have in one respect reverted to a practice of our early childhood—we have saved the best for the last. Today we are to hear Mr. Page, who you all know directs the publicity and public relations work of the American Telephone and Telegraph Company. Of course, we have derived a great deal of benefit from Mr. Page's counsel throughout the year, and that might be said to be part of the one and one-half per cent., but coming here today was not written into the licensee contract. Mr. Page is here because he has a genuine interest in what we are attempting to accomplish. For that reason we are all the more appreciative, all the more complimented, that he has been able to fit a talk to us into his very busy schedule.

I am most happy to present Mr. Page.

(MR. PAGE)

Thank you, Mr. Cooley. I am delighted to be here and particularly delighted to see the number of people who show this interest in public relations in the New York Company.

Mr. Cooley said that my work at 195 might be said to be in the one and one-half per cent contract. I don't agree to the words "might be." I am confronted with the necessity, in the Chicago case, of proving that my work is part of the one and one-half percent contract.

The public relations of the Company are obviously its relations with the public. Just after the war there was much discussion of propaganda of all kinds, of all sorts of methods of getting the public to believe this, that and the other thing. That propaganda idea, which was reputed to be infinitely more powerful than it ever was, got a good deal confused with public relations, possibly because professional publicity people, finding that term wasn't always popular, changed over and called themselves public relations counsel. Now the thing that we are talking about is the farthest removed in the world from propaganda. May I say again, your public relations are your relations with the public and the relations with the public, you know, occur where our people operating the business come into contact with the public. Our main channel of public relations, therefore, is through the regular lines of organization. The people who have the most relations with the public are our operating people below the supervisory level. The consequence is that you have to have an organization completely imbued with the public relations point of view, that is, a point of view desiring good will of the public, before you can be effective.

How effective can our public relations be? I have a belief that they 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 relations of large corporations with the public, in which the phrase occurs: “Oh well, they are attacking this corporation and that, or this or that utility, for political reasons.” That is offered very often as an excuse. But it is not a valid excuse. The actual fact is that we have got to meet the political test. If our public relations are as good as they ought to be, as they sometimes are, and as I think they always can be if we work hard enough, there won’t be any profit in attacking us. The real test, therefore is whether or not we have attained a position in which a man would lose votes and a newspaper would lose circulation by attacking the New York Telephone Company or the Bell System in any part. When we reach that state of public relations, neither the press nor the politician will attack us, for they do not attack us just for the fun of it. They attack us for a definite purpose. The politician’s profession is to judge the issues, which will gain him votes. He may sometimes be wrong but by and large his judgment isn’t far wrong. To be certain of immunity from such attack we have to put ourselves in a position where it will not occur to any politician that it is practical to attack us. The minute we get in that position you will find that they won’t have the slightest interest in attacking us. The only reason for criticism now is because they believe when they criticize large corporations they are voicing a general public opinion. In spite of the fact that the general public opinion might not voice itself without their instigation, they have in considerable measure, so far, been convinced that they have been right. Now that isn’t anywhere near as true now as it once was, and yet, on ‘the other hand, we are quite a long way from having reached the point where we are not vulnerable to that kind of thing. Many people feel that there isn’t a possibility, of getting to such a state. There is at least one institution in the world that has got there. If one of the greatest private banks, perhaps the greatest private bank in the world, can reach such a happy state, certainly we ought to be able to do so. The Bank of England is a private bank. It is owned by stockholders, but it devotes itself entirely to the public interests. You very seldom hear anything about the dividends it pays to its stockholders, and yet it pays them regularly all the time. The Bank of England has for many years demonstrated clearly that its interest and the public’s interests are almost identical, so that it has ceased to occur to anybody in Great Britain to attack the Bank of England as a great private corporation. We have the possibility of doing exactly the same thing. It isn’t an identical case. You never get those. But we are in a position where we believe that we have worked out a policy, a method of procedure, which is as fundamentally in the public’s interest as the Bank of England’s operations are in the public’s interest in Great Britain.

You all know the Bell System policy is not only a financial policy, but a service policy that we believe to be, as I said, just as much of public interest as the conduct of the Bank of England. It is the most in the public interest that we can now conceive. That includes a proper consideration of those who work in the Bell System and those who invest in the Bell System, because without a proper consideration of those groups in the long run you will not be able to serve the public interest intelligently. Having this policy, under which we have no incentive to do less than our maximum for the public, the only limitation on our public relations is the intelligence we display in operating under our principles and in explaining those principles.

In part of this task, the giving of good service, the operating departments have a free hand and do an exceedingly good job. It is exceedingly gratifying from time to time to have friends of mine come in and say to me (they never know the difference between the American Company and the New York Company; it is all one to them) "What in the world is it that makes the men in the Telephone Company do the way they do?" I say, "What do you mean?" "Why," they say, "a fellow came over to my place the other day from the Telephone Company to put in a new installation. He not only did that, but rearranged the equipment we had and made great improvements. He just volunteered this extra service to us." I don't suppose any three weeks pass that some friend of mine doesn't tell me this kind of thing. They also tell me when anything goes wrong, but the preponderance of the good news is considerably over the bad news and that is a pretty good indication, because people are likely to complain when anything hurts them. It is only that unusually good job that makes a man take the time to write you a letter, especially a busy man downtown, or call you up on the telephone. I have had both those things happen many times in the last year. The increase of this kind of thing seems to me to have a very large idea underlying it, and that is the gradual elevation of the telephone group by education, to a better and better understanding of the business. It is only by increasing the understanding of the business that they can do not only their specific jobs, such as the ones I have talked about, but that they can also represent the Company when people ask questions about its general policy or general principles.

It is on that philosophy that Mr. Gifford originally based what was called the "Dallas statement" –to give us all a chart to steer by. That is the reason since that time that the details of it, the principles of it, have been continually elucidated in conferences, courses, and kindred matters. Through the supervisory bodies in the New York Company, for instance, a general understanding of the principles and operating policies of the Bell System is spreading. Everybody that they touch, whether they be in the telephone business or outside of the telephone business, will gradually begin to get the picture. That information can spread down the line just as far as the capacity of the people down the line allows them to take it in. I don't mean that you can tell everybody everything, because you can't. The thing is a matter of judgment, but the more you can tell all the people that they will understand reasonably correctly, the greater force you have working for the good relations of this Company and the understanding of this Company by the public.

It is true that there are probably a great many subjects, which a great many people in the New York Company would not completely grasp to begin with, and that may be urged as an objection to the general principle of pushing this information further and further down the line. The difficulty with that objection is that those people are asked questions about the Company, its policies, its practices, its principles, all the time anyway. They answer those questions and discuss those questions with their friends, customers, or whomever they are in contact with, and they answer them whether or not they have had much, if any, explanation of them. In other words, we do not get out of our contacts with the public by merely shutting our eyes to them. The contact is there every minute and there isn't any way to escape it. The consequence is, it seems to me, that the wisest thing is to give all our people all the way down the line as much information and as good a guide in meeting the public as they can possibly manage to carry. That can't be done all at once. It is a slow process. The same slow process, which informs them, also inspires them. When I say that I mean that the more a man knows about the whole business and the purposes of the business he is in, and why it is a good business to be in,

the more he will take a pride in it and see something in it besides three meals a day, and the better man he is going to be. The same thing gives him the information by which he can better explain it to the public.

That is pretty nearly all the philosophy about public relations that I have acquired in the five years I have been with the Bell System. It isn't much on paper. But the way it is being used by the operating departments in the field is very encouraging and inspiring to me. Far instance, in the last year you have heard a good deal of discussion about the value of telephone service. For a long time before that we emphasized the value of the service and we emphasized the accuracy and speed of service. All of those things are connected, but we used to use more of our time and effort to explain the efficiency of our system than we did upon its values. During the last year that emphasis has been a good deal changed because we are facing a time when inevitably the public will come to discuss the rates, the cost of telephone service. You hear daily on all sides of you—"Why doesn't telephone service come down the same as everything else?" Now the degree to which the information on that subject has spread effectively through the Bell System is quite amazing and quite encouraging. The most dramatic cases, perhaps, are not those in the big cities, but those where there are only two or three or a dozen telephone employees in a small town or outlying district by themselves, where they have to meet this question themselves. There have been a great many extraordinary cases.

For example, the Mayor of Detroit (where there is the most acute distress in the country and, therefore, the most acute irritation—they have had a rate case almost as long as the New York Company had its rate case) published a request that all complaints against the Telephone Company that anybody in the town had be sent to him. That looked to me like a one-sided bet. I don't suppose anybody in this room could guess the number. Just six of them turned up!

That is an extraordinary testimonial to the fact that actual daily operations of our people with the public have been extremely good, and of course, are what the whole thing is based on.

Now, I am going (just to make the point clear) to repeat. To begin with, our whole public relations depend on our service. If that isn't good, then there is no story we can tell that will do anything any good and make anybody believe in us, and it is furthest from the minds of the Public Relations Department to try to tell any story except the truth. Therefore, we can't start with anything but good service. There is, however, an addition to good technical service and that is what goes under the various names of personalized service or service from the customer's viewpoint. In other words, our job is not merely to furnish technically good service, but to furnish service of the kind and in the way that the public wants it. We have to furnish that service, good service, in the way the public wants it and furnish it at a just and reasonable price. We have, to a large extent, convinced them that the service is good. You couldn't get such an editorial as appeared in the New York Times perhaps a month ago in which it stated that there was one thing that any American would die for, and that was his telephone service and the system behind it, if the service wasn't good. That far I think we have done a fine job but on the question of what we charge for the service, we haven't succeeded in convincing the public as thoroughly as we have on the other, and yet to my mind, although it is harder to explain, our case there is as good or better than it is on the other side of the

picture, that is, on the service side of the picture, because for the 50 years the Bell System has been growing there have been no excessive profits. Nobody has become rich on it. It has been devoted to public service from start to finish.

It is that job of explaining, first, the value and, second, the fact that it is done economically, that is, perhaps, our chief problem at present. Of course that problem comes upon us much more vigorously in a time like this than if we had been working on it for a long time in good times.

What we have done has been so successful, and the prospects seem to me so successful, that I feel perfectly confident that I shall live in the Bell System to see, before I retire, a condition in which there will be no political profit in attacking us. We should be able, with the principles and methods that we have, to fix ourselves so in the mind of the public that there would not be votes in criticizing us. That is a high goal but I expect to live to see it achieved and I know one thing if it is achieved we shall have even more satisfaction in working in this business. If we can make all the public see it as we see it and feel about it as we feel about it, it will be even a pleasanter and happier job than it is now. That is a great opportunity. I think we have a better opportunity for doing that than any other corporation in this country.

I want to congratulate you all on the degree to which the operating forces of the New York Company have gone in that direction and to assure you that I feel we shall finally arrive at this very high goal.

(MR. COOLEY)

Mr. Page, I want to thank you very much for coming here and for what you have said to us. We all enjoyed it tremendously and will profit from it and, in return, we shall see what we can do about the goal you described. We assure you that the New York Company has an unusual background for just that endeavor; a most remarkable, gratifying interest in public relations work and not only interest, but understanding of and appreciation of its benefits and what it is all about.

To the class again, we are tremendously grateful for the interest you have shown in this course and we thank you for coming here.

Lecture to the New York Telephone Company
December 1933

Page, A. W. (1933, December 18). *Our Public Relations Today and the Outlook for the Future.* Speech presented at a Public Relations Course, New York Telephone Company.

Summary

Page gives an overview of public relations in the Bell System and the importance of following and communicating the company's philosophy to employees and the public. The company's conservative financial policy is discussed.

Page discusses how the company has successfully navigated public scrutiny during the depression by living up to its corporate philosophy and avoiding financial greed. During hard economic times the Bell System has not made large speculative profits or made anyone rich. Instead, the company has acted responsibly and sought at all times to serve the public. In the absence of competition, federal regulations and commissions are beneficial for a monopoly as they help the company service the public cheaper and more efficiently. Page believes that large enterprises have a greater obligation to serve the public interest and alleviate suspicion. Once again, the Bank of England is mentioned as an example of how the company can effectively and intelligently operate in the public's interest.

Key topics	Page Principles
Company Philosophy – Dallas Speech	**Listen to the customer**
Competition	**Manage for tomorrow**
Corporate Power – fear/suspicion of big businesses	
Finances – financial gain/loss, financial policy	
Regulations – Industry/Government	
Monopoly	
Public Opinion – operating in the public's interest	
Public Relations – value of public relations	
Research	

Our Public Relations Today and the Outlook for the Future

Public Relations Course
New York Telephone Company

December 18, 1933

OUR PUBLIC RELATIONS TODAY AND THE OUTLOOK FOR THE FUTURE

I am not going to make a set speech, —I am just going to talk quite informally about some aspects of public relations. Public relations remind me of a description General Carty gave about another part of this business. “Public relations,” to use his phrase, “is an exact science about which very little is known.” It is much less difficult to be precise about engineering, for example, or anything that has to do with physical equipment.

The Bell System can spend several million dollars yearly on research in the material aspects of the business and be sure of returns and physical improvements in equipment, but no one ever found out how to budget a large sum of money in research on public relations. You cannot study public reactions in a research laboratory and devise a chart form for them, which you can send out to the people. The laboratory for research of public relations is in the hands of everybody in the System and the work is done at the point of contact between the telephone employees and the public.

Public relations are just that these words mean—they are our relations with the public. They happen wherever people in the telephone organization come in contact with people outside of it. For example, every time a customer pays a bill in the commercial office, or a girl answers a call at the switchboard, or a repairman sees anybody in a subscriber’s house, these are public relations. The salvation of any large public enterprise depends on public good will. That depends first, last and all the time on the contacts which this enterprise has with the public day-in and day-out.

Obviously one of the judgments the public has of us is whether or not our service is good. Technically, —if they get their calls through, efficiently and promptly, they get what they want. That, however, is not all they want. They want to have the service rendered to them in a manner that pleases them; they want not only efficiency but courtesy and consideration; and they are in a position to get what they want. They are in the driver’s seat; they are paying the bills; and an understanding of that fact is a real and fundamental basis of public relations. In order, therefore, for a great enterprise to satisfactorily serve the public it must have a philosophy and a method of doing business which will allow and insure that its people at the contact point serve the public efficiently and in a pleasing manner.

I think it is fair to say that the Bell System has always fulfilled these requirements very well for two reasons: — in the first place the people in the Bell System are good people and their natural instinct has been to deal fairly and courteously with the public; in the second place the philosophy of the management has been to give to the public the maximum service, efficiency, and courtesy possible. That is what the management has been driving at in these latter years under the title “service from the customer’s viewpoint,” etc. But the lesson from

having done a good job is that the good job paid well, and a better one would pay us still better. It is an incentive to still greater effort and certainly not an incentive to rest on our oars.

The policy, which sets for us a standard of giving the best possible service at the least cost consistent with the determination to give financial safety rests upon the financial policy which was formally announced in 1927. That policy said:

> "The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies also imposes on the management 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. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.
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> "It follows that there is not only no incentive but it would be contrary to sound policy for the management to earn speculative or large profits for distribution as 'melons' or extra dividends. On the other hand, payments to stockholders limited to reasonable, regular dividends with their right, as the business requires new money from time to time, to make further investments on favorable terms, are to the interest both of the telephone users and of the stockholders."

It is of the utmost importance that at this time the public understands that we have this policy and that we have been using it; in other words, that we have not been greedy and that we have not made large and speculative profits. The public is irritated; it has been suffering. It not only refuses to have anybody get rich out of its sufferings but it refuses to let anybody get rich while it is suffering. It is in its present mood much more critical of the profits of a public business, such as ours, and even in good times it scrutinizes these profits with far greater care than those of a competitive industry. It is due to our having this policy, to our having lived up to it, and to the fact that the employees have explained this policy to the public in every way possible, that we have been comparatively immune from the indictment of making too much money in the depression.

It has helped immensely that nobody could point to a single big telephone fortune. The Bell System has developed on the basis of great invention and developed in a time when many fortunes were made on great inventions, at a time when there were fortunes made in the automobile, railroad and oil and many other businesses. Yet no one can point to a single man in the Bell System who ever made a great fortune out of the telephone industry. It has been operated without speculative profits as a public service and it is still operated that way.

Moreover, the absence of speculative profit has been the greatest help to us in the maintenance of our rates. The public has no way of telling what rates ought to be. It cannot know the casts and the problems affecting casts. One of its chief methods of determining whether the rates are reasonable, therefore, is to feel that if profits are reasonable the rates are likely to be also, and if profits are high the rates are likely to be also. Of course, this may not be true but it is a very human way of looking at the matter.

The telephone industry has not decreased rates in recent years, on the whole, but it has rather increased the value of the service it gives. The light and power business, on the other hand, has very markedly decreased rates and yet there are probably more people in the United States who believe that the light and power rates are too high than there are that believe the telephone rates are too high, and I think that that comes in a large measure from the fact that some light and power companies have made large profits where the Bell System has not. In these large profits of the light and power companies might even be profits on speculative financing which would not affect them, but unfortunately, they affected the public feeling about rates. In other words, a conservative financial policy and one in the public interest is the very foundation of public relations.

If we take rate agitations as a test of public relations, and I think it is one good test, the Bell System has come through this depression amazingly well. I do not mean by that that we have not had a number of rate agitations. We have. We have had many in New York but perhaps more in other parts of the country. Perhaps the best test is the states where there is no public service commission where each city and town can institute rate proceedings for itself. Even in those areas the representatives of the Bell System have been able to convince practically every town and city that our rate schedule has been fair and that the rates could not be reduced. It is true that after these years of depression when rate cases will be most expected we have an increase in formal proceedings, above the number we had, for instance, in 1928. We have rate orders in Baltimore, Georgia, Wisconsin and one or two other places, but we still have fewer rate cases than we had in 1925 or the years prior to that.

I think it is fair to say that with the improvement in business and the improvement of the temper of the people there is less “new business” in rate agitations. There are fewer agitations started. Some of those, which were started last year or the year before, may still come to a head in formal proceedings but on the whole in spite of the severe test of these times as judged by the number of rate cases the picture is pretty good.

Recently there appeared in the newspapers an article about a report made to the Secretary of Commerce concerning the communications industry. Some months ago, the Secretary of Commerce appointed a board of men in the government service, some of whom were specialists on communications, to make a general survey of the communications in the United States. The newspapers variously reported what they thought this report contained. The report was made without consultation with us. We furnished no information for it and we have

not been asked for any. We were not in Washington asking for legislation, for a change in regulation, or for anything else and we do not officially know what the report contained.

My own belief is that the report was not made because of anything we had done or had not done. When this administration came in one of its projects was to reorganize the general regulatory processes of the Federal Government affecting light and power, railroads, radio and everything, else. A comprehensive study of the whole Federal regulatory job would naturally include communications. We do not know what the administration's attitude toward the report is nor do we know the opinion of Congress, but if the administration should recommend some action and a bill is presented to congress, it is certain that the Bell System will have a chance to tell it's whole story before the bill becomes a law. Having implicit faith in what the Bell System has done and what it is trying to do, there seems to me no particular cause to be disturbed about the fact that the government is going to survey the field in which we operate or that it may desire to reorganize the regulatory bodies and even change their functions so that we report to a now commission.

Personally, I should hope that if any change is made regulation would not become so centralized as to tend to centralize telephone operation. The degree to which the Bell System has been decentralized, with responsibility in the smaller units, has been a great help in allowing these units to function in a more pleasing manner to the public. The service rendered in New York City and the service rendered in a small town in Missouri, are not the same things. You have two different kinds of public. Decentralized operation has enabled us to meet these conditions. The centralization of regulation would not make our technical operation more difficult but it would make it more difficult for us to render a pleasing service and for that reason I should hope that we would not have such centralization. In this I expect I am speaking ahead of the proper time, for no one as yet has officially suggested more centralization of regulation.

The reason we have regulation is because we are a public business or as the law states from time to time we are affected with the public interest. As a matter of fact that distinction does not seem particularly valid to me. There is as much public interest in what people pay for their bread, for roofs over their heads, for their clothes and for other necessities as there is for their telephone service or their light. All of these necessities are affected with the public interest. The real distinction is that we are a monopoly. Competition won't regulate us and therefore the commissions have been set up to do so. We welcome the commissions. I think that if a study were made you would find that those businesses, which have been regulated by Commissions have furnished service to the public cheaper and more efficiently, — certainly if measured by the profits made, — than private businesses which are regulated by competition.

Nevertheless, these large public enterprises of a monopolistic nature are watched most carefully by the public. It is becoming traditional that people watch us more carefully than they watch private businesses. They are much more concerned about large fortunes made in the light and power industry than about a fortune four times as large made in the automobile

business. Yet they paid for both of them just the same. Ford got his money from the public. It came out of the income of the business. Since there is already established in the public mind the feeling that the monopolistic businesses must be watched more carefully, we are going to have to shape our course in the Bell System accordingly.

As I told you last year, the thing can be done. In the first place, if you sit down and think about it quietly, there isn't any reason you can assign why it cannot be done. In the second place, it has been done. The Bank of England is a private business. It has certain monopolistic features exactly like the telephone industry, but it is a private company. It has stockholders just the same as we have. But the last hundred years or so it has so conducted itself in the public interest that no one thinks of complaining about the earnings of the Bank of England. Its stockholders get dividends just as ours do.

The Bank has accomplished what we are setting out to accomplish. It has conducted its business so obviously and so long in the public interest that the public has ceased to have the suspicion of them, which it has of almost all other monopolies both here and there. There is no reason why the Bell System can't reach that position and when we do reach that position we will have more and more freedom, just as they have.

We will get freedom in exact proportion as we create public trust. In so far as the public believes we are working in their interest; that we are giving them the best telephone service possible at the least cost consistent with financial safety; as soon as they believe that these are facts then they will feel that there is no need to interfere with us. In other words, as soon as this position is reached we will have more freedom to do the operating job still better.

Eternal vigilance is the price of liberty in political affairs; equally eternal vigilance in public service is the price of liberty to do our job well. We must continually train the employees to make their contacts with the public in the most satisfactory manner possible. We must constantly study and watch our philosophy, principles and practices so that at no time will we be out of key with the public interest. This latter is the main job of the public relations function.

It is true that Mr. Cooley and his prototypes in the other companies have, at the same time, operating functions. That is, they do a good many things in preparing copy, in watching the press, in going to see editors when they make misstatements, in discussing rates and practices of the telephone company with civic organizations. This is an operating job, which is constant and unremitting.

The largest function of public relations in our business, however, is to turn the searchlight on ourselves and see that we are actually, in every possible way, doing our job in the public interest. In other words, we should try to see in what direction the public interest will lead and where it is going to take us. Then, we want to get there before the public is even aware of what it is going to ask. To whatever degree we succeed in that we will make the job of

contact in the field easier. If we fail very much we will hear from it from the field forces because they will feel the evidence.

Altogether, I feel we have a better opportunity than any other great organization in this country to demonstrate that a company can have character and ability enough to operate a big business on a sufficiently high plane to make the public satisfied with it and allow that company to continue in its present form. If we in the Bell System can't do that, of course, somebody else will be managing the telephone business and we will be doing something else. I have every confidence, however, that we can do it, and that we can do it better then we have been doing it.

I should like to leave this idea with you: It will be a great contribution to the history of the Bell System if we succeed with this work. It is not only delivering messages; it is not merely staying in business; it is demonstrating that large enterprises can be run so intelligently in the public interest that the public will be satisfied and content with their services. This is one of the great problems before American civilization. Can big business be run sufficiently in the public interest to satisfy the public? If it can't the public cannot have the advantages in costs and service that big business can provide. If it can the public can have these benefits. The Bell System has a great opportunity to demonstrate that this can be done. I congratulate you on being a part of this demonstration of such importance to our country as well as being a part of a great business.

Speech to the Women's Junior League of New York City
November 1934

Page, A. W. (1934, November). The Telephone—A Coming Industry. Introduction by Mrs. Langbourne Williams. Speech presented to the Women's Junior League, New York, NY.

Summary

This speech provides a history of the Bell System and details the great strides that have been made in the communications industry since the inception of the telephone. Page also references the company's financial responsibility and philosophy as outlined in Mr. Gifford's 1927 speech. He entertains a number of questions at the end of his speech on the future of the industry.

Key topics	Page Principles
Company Philosophy – Dallas Speech	**None**
Finances – financial responsibility	
History – history of the Bell System	
Customer Service – spirit of service	

The Telephone – A Coming Industry

Women's Junior League
New York, NY
November 1934

THE TELEPHONE – A COMING INDUSTRY

Mrs. Langbourne Williams Presiding
Mrs. Williams

In the name of the Junior League I take great pleasure in welcoming the Bank of the Manhattan Company here for its fifth course of lectures. The subject of the first lecture is "The Telephone – A Coming Industry." The telephone business is a very important one for women to know about and understand since the telephone is such a vital part of every home. Mr. Page, the speaker today, is the son of our great wartime Ambassador to England. For many years he was editor of the magazine World's Work. In 1927 he became Vice President of the American Telephone and Telegraph Company, in charge of Public Relations. He is well qualified to interpret the telephone business to us.

I have the honor to present Mr. Arthur W. Page.

Mr. Arthur W. Page

As Mrs. Williams has mentioned my father, I think I ought to remind you of the well-known scientific fact that speaking is not a hereditary accomplishment.

The telephone business is in one sense a big business. The Bell System is perhaps the largest single corporate undertaking in the country. On the other hand, I think it is, in another sense, perhaps the smallest business in the country, for the great majority of services we render are rendered for five cents or less. The bulk of the business is made up of local calls and these small items are peculiar in that every transaction is an individual transaction and different from the one that went before. When you pickup the telephone and ask for Columbus 5-7642 or any number, you want the exclusive use of a particular set of instrumentalities all the way from your telephone to the particular telephone you are calling. What is more, you want it very quickly. What you really ask for is that you may have the use of a telephone plant that may cost thousands of dollars. You want this plant made available instantaneously and you want the privilege of using it as long as you like. For this service you pay, the established rate, which is five cents or maybe a less amount.

Or suppose you want to talk to Chicago or San Francisco. For this service much more telephone plant will be used, which in the latter case may run up into million dollar figures. For this service also you pay merely the established rate, which is only a few dollars. When you are through using these long circuits they must be held in readiness for whoever may next desire to use them.

The picture I want to get in your mind is that ours is not a quantity production business, but it is one of individual transactions in each case. Somebody has to attend to your particular wants. It is a kind of tailor-made job. As it is that, you have to have a very highly organized and specialized group of people serving you, because they have to do their work correctly and rapidly. And so it is that the most important thing in the telephone business is not the buildings and the equipment, but it is the quarter of a million people that provide the tailor-made job, according to the instructions you give them.

For that reason I thought I would tell you one or two stories about these people. One night two or three years ago, in the middle of winter, the operator in the small town of Potter, Nebraska, was sitting in the telephone building. There was a blizzard going, on. About eight o'clock she heard an airplane coming from the east. Then it got overhead. Then it went a little to the west, but came back so that she could hear it again. That was unusual. She expected the mail plane about eight o'clock. It always came by at that time. But when it came back she suspected something was not altogether right. So she listened perhaps another thirty seconds to the plane overhead and it didn't go on its way. As she was alone she could not send for any help, but she remembered that there was a landing field some thirty-five miles further west at Sidney. So she called the landing field and described what was happening, and asked what she should do. The man at the landing field told her to call the Union Pacific section foreman at Potter and ask him to get out twenty-five or thirty men with red flares as fast as he could and put them around a nearby field. She did that, and about the minute the red flares began to appear the plane came down, hurtling out of the blizzard, and landed. The pilot was lost and the plane nearly out of gas. The operator's quick thinking had saved a life.

Another time there was, if you remember, a very severe flood in Vermont. Montpelier, the capital, was entirely cut off from all communication with the rest of the country. Nobody knew how much relief was needed, or how much distress existed there, or what should be done about it. There was a section repair group of the telephone outfit that got up that morning and realizing that a certain toll line into Montpelier was not working, they took a car out and started along the line to repair it. They could not follow it exactly because the valley was mostly under water. After twenty miles of struggle they got to the Wells River. There they saw the difficulty. The line crossed the Wells River ordinarily merely by the wires going from a pole on one side to a pole on the other side. But the river had risen so that it had spread over on one side twice its usual distance and washed out the pole. The wires were still there, but they formed a span covering what was ordinarily two poles, and out in the middle, over a raging torrent filled with logs and debris, the little wires which hold the telephone wires to the cross arms and the insulators had gotten crossed over each other, so that there was a short circuit, and that had stopped the service into Montpelier.

One of the men climbed the nearest pole hitched his safety belt around the four wires that were left, and worked himself out on four copper wires some sixty feet, until he was right over the middle of the torrent. He knew as well as anybody, that if he fell, that would be the end of him. But he worked himself out there and cleared the four wires. Then a thing happened which he could not be sure would not happen; that is, one of the wires broke. He still had three, but that is a pretty small support to carry a heavy man. But he carefully turned himself around and hitched himself back on the three wires to the pole, cut in his instrument on a wire there, checked through, and reported to both ends that the world could talk to Montpelier and arrange for whatever relief was necessary.

Why do you suppose telephone people do such things? Nobody would order a man to do that. Nobody had ordered the girl to look out for the airplane. But they do it because they are filled with an extraordinary esprit de corps. You expect it in the war stories about famous infantry and cavalry regiments of the Black Watch and the Fifth Michigan Cavalry. But you get it in this crowd that work in the telephone business not only in emergencies but all the time. It is their game and their life and their pride and they like doing it. That is the reason they do it well.

That spirit of service, as I say, is not only shown on extraordinary occasions, it is displayed by the telephone employees generally, in the day-to-day business. Perhaps you can best appreciate this when I say that, due to this spirit of service which carries a constant effort to do a better job, and also due to the study and research to improve methods and equipment, service today, as compared with ten years ago, shows continuing improvement. For example, if we relate these betterments to the large annual volume of exchange traffic we find there are one hundred and twenty-five million fewer calls with answers slower than ten seconds and approximately the same number of fewer calls with service inaccuracies.

From the public point of view you would not have noticed that because you very easily get used to things that are satisfactory, and you very easily assume that the thing should get better all the time. So it is a fact that a good telephone service must be a constantly improving one because, when you think of it in a detached way, that is really the public conception.

Sometimes the public's conception of telephony is like the public's conception of the efforts of most business, which reminds me of a girl who went to the ball game with her admirer. The home team got to be a run ahead and stayed that way until the ninth inning. Then the opposing team got three men on bases. There were two out and a mighty hitter at the bat. Then he hit the ball way out into the right field. The right fielder turned and ran just as fast as he could go. Just before the ball came down he jumped in the air and caught it with one hand, but lost his balance and fell. However, he kept the ball. The game was over and his side had won. Everybody rose and cheered and yelled. The girl's escort was frantically yelling. As he finally calmed down a little he realized the girl had not said a word. He said, "My lord, Anne, didn't you see what he did!"

She said, "Yes."

"Don't you know he won the game?"

She said, "Yes."

"Well," he said, "why don't you cheer?"

"Well," she said, "I thought that is what he was there for."

The instrumentalities that are operated by the telephone group are not foolproof things. To show you how delicate they are, I will tell you that the power in a 25-watt lamp is enough to carry 25,000 telephone conversations. Telephone facilities, in fact, have to be finely adjusted—not only the instrument, which you occasionally drop on the floor, but the switchboards and wires and cables, and everything else connected with them. And in order to get all this equipment so that it will work, and so that it will work between all points, an extraordinary amount of research and organization is essential.

When Dr. Bell had invented the telephone, and the Emperor of Brazil had seen it and made his famous remark, "My God! It talks," he was right. It did talk. It talked from one room to another. In a year or two it would talk from Boston to Cambridge. In eight years it would talk from Boston to New York if you had a voice that could be heard about as far as Providence. About 1892 you could talk about one thousand miles. By 1915 the telephone could take you to San Francisco.

This expansion does not just happen. You have to, as I say, work on one item at a time. When you have a discovery, the next thing is not universal use. Something may be proved to be possible from a laboratory experiment, but that is an extraordinarily different thing from operating it with sufficient speed and accuracy and low enough cost so that the public will use it. Take, for instance, the trans-Atlantic telephone, which is common enough now. About 1915 there was worked out in the laboratory a system for giving this service. Then a group of telephone engineers stationed at Arlington, Virginia, spent months doing everything they could contrive to make other engineers sitting in the Eiffel Tower heard what they said. Night after night they carried on their tests and nobody heard anything. It was extraordinary that both governments thought this experiment so important that the American government loaned the Bell System the Arlington Station on this side and the French government in the middle of the war loaned the Bell System the Eiffel Tower for a certain period each night.

Finally, the engineers on the other side heard a historic sentence. It was, “Hello, Shreeve.” And after that for twelve years a laboratory and engineering group of four thousand people made it a major undertaking to perfect that development. In 1927, we got to a point where we could open an overseas service. The service was first started between New York and London and the charge at first was pretty high, though we lost money just the same.

I remember the cartoon in Punch which had the usual picture of Uncle Sam on one side and John Bull on the other, and Uncle Sam said, “Hello, John,” and John Bull said “Well, Sam, you said a pocketful.”

Since 1927, the radiotelephone has brought about sixty-five countries within voice reach of the United States. If you go back to the spread of the wires on the land the only limit now is the extent of land you have got, because you can have a long distance wire if there is any land. The only limit on the radiotelephone is the size of the earth, because you can talk around it, and around it twice, if you want to. But there are some limitations on the use of it.

I remember when the engineers were talking to Australia prior to opening that service. They asked me if I would like to talk. I said I would, I listened to one of them talking to Mr. McDonald. Then I listened to another one talking to Mr. McDonald. Then when I talked it was also to Mr. McDonald. So I said to him, “Isn’t there anybody else in Australia who can talk on the telephone?”

“Yes,” he said, “there are a lot of them, but they aren’t fools enough to get up at five o’clock in the morning of the next day to do it.”

So you see, there are not many hours of sunlight on that side of the world, which are likewise business hours on this. There is some difficulty about it.

The telephone business is really divided into two main things –one is transmission, and the other is switching. Of course, the telephone would not be very much good to you if you had only your one wire from one place to another. It is the fact that you can be switched from your telephone to any one of perhaps 30,000,000 telephones in the world, which makes the thing useful to you.

The first switchboard was in New Haven and had about twenty lines. Boys did the work of connecting these lines together. At first boys were used quite generally at switchboards for this work.

Well, now it is a long cry from that simple switchboard to the present switching system in an area like Northern New Jersey. Here, for example, with a dial telephone it is possible with very little manual assistance to connect to any number in your own town as well as to any number in the nearby towns. If the number called is in a manual office, the electrical impulses from your dial translate themselves into an illuminated number showing the number called. On certain calls, electrical impulses representing the number desired are translated into a spoken number which tells the operator the number that you would have said if you had said it to her.

If we had continued to operate on the boy basis, it would have become an almost impossible task to recruit and to train the number of boys that would have been required. Further, it soon became apparent that young men could do this work more efficiently and in a way more satisfactory to the telephone users. This change was made very early and has continued to the present day.

There is a thing in the telephone business which is quite different from most, and that is because it is a business of individual transactions there is no quantity production in it. The more of it you have does not mean the cheaper it is. In fact, if you had the practices now as they were in the beginning, you could not possibly afford to have a telephone system, which could let you call any one of a million and a half telephones in New York. The economies of unremitting research have enabled you to get a vastly better and wider service. But they cannot produce the kind of economy, which you get in a quantity production business. Yet the thing has been kept sufficiently cheap so that there are more than six times as many telephones in the United States in proportion to the population as there are in Europe, and the people use it nine times as much.

Without it, what we have now would not operate at all. I mean, the kind of living we do we could not do. If you had to send all messages by boys into a modern skyscraper the skyscraper would have to be entirely used up by elevators. So you could not have the concentration of business or population without the telephone; nor do I think you would have had the dispersal to the suburbs without the telephone.

The Bell System is organized with operating companies in each state, or in a group of states. The companies are then subdivided into divisions, districts, and finally exchanges, so as to give the individual employee the utmost responsibility. You have in each operating company a staff, and in the American Company a staff, and in the laboratory the research staff, and in the Western Electric Company, a concern for manufacturing standard equipment, another staff. So that behind all the exchange units is the maximum amount of information and assistance which it has been possible to get.

Those two factors – the apparatus, which is a very highly organized thing, and the group of people with the highest esprit de corps – are two of the main elements. The other element is the vision of the management. You do not hear a great deal of talk about that in most business, but the fact is that the ideals and objectives of a business do not grow up from the bottom; they are created at the top. If you will let me, I will tell you of three or four instances of this idealism, which is primarily responsible for the thing being in the shape it is now.

When the present headquarters company was organized, about nine years after the invention of the telephone, in its charter application was put the following objective. You will have to excuse me for reading a part of this, because it takes almost all of the romance out of it. It was written by a lawyer. This is what it says:

> "And it is further declared and certified that the general route of the lines of this Association, in addition to those hereinbefore described or designated, will connect one or more points in each and every city, town or place in the State of New York, with one or more points in each and every other city, town or place in said State; and in each and every other of the United States and in Canada and in Mexico; and each and every of said cities, towns and places is to be connected with each and

every other city, town or place in said States and Countries, and also by cable and other appropriate means with the rest of the known world as may hereafter become necessary or desirable in conducting the business of this Association."

When that was written, there was not any cable for telephones. There was no way of talking more than two hundred and fifty miles. So that the statement about "appropriate means" was a complete shot in the dark. But the pioneers had faith. I do not know how they had so much. Whenever I read that prospectus I cannot help thinking of the story of the old farmer who watched the rabbit in the hat trick. He and his wife watched the prestidigitator take a handkerchief out of the hat and then they watched him take a rabbit out of the hat. Then he had the platform cleared and said he's going to take an elephant out of the hat. The farmer leaned over to his wife and said, "Mary, that is a good trick, even if he can't do it."

Well, these people did not know how to do it, but it was finally done.

The first part of the history of the telephone company was taken up with an effort to license people in different parts of the United States to set up telephone companies under Dr. Bell's patent. About half the activity was engaged in fighting patent suits. It was not very long after the Bell System had won them when enough of the patents ran out so that anybody could go into the business. Almost everybody did. Many towns had two telephone companies, and half of your friends might be on one system and half on the other.

There was a dreadful state of confusion. This was based upon a very profound belief in the American mind that no matter what else happens competition is a good thing. Mr. Vail became President of the American Telephone and Telegraph Company with this condition existing. His objective was stated as "One policy, one system, and universal service." In other words, he was going to convince the American public that as far as the telephone was concerned their fundamental beliefs in the value of competition were wrong. That was a large order. It took him a good many years to do it. Now, the fact that he succeeded in doing that – he had the correct vision to begin with, and he succeeded by painstaking effort – I think is one of the great reasons why you have a real telephone system in the United States. In other words, it was an idea that was important.

He also was the man who was insistent that no matter what happened you had to push the long distance service; you had to have a nation-wide service. It was not easy, but he kept at it, and he kept the research people working at it. He had a great boost in the calamity that happened when Mr. Taft was inaugurated, for you remember there's a blizzard that cut off Washington from the rest of the country. While he had at that time open wire lines to Washington, he insisted that from then on we should have safe lines to Washington. There was not completed then the research to enable you to put telephone wires in cables. That was completed in his time. At present, more than 90 per cent of the millions of miles of telephone wire in the United States are in protected cables so that they cannot be hurt by a storm.

Mr. Vail died April 16, 1920, shortly after the War was over. He had resigned as President the year before. There were about twenty-five thousand members of the Bell System in War service. These twenty-five thousand were mostly in the Signal Corps. Not only were a large number of employees in the Army and Navy but a great part of the

material, which had been manufactured for use in the Bell System was likewise sent to France. As a result of the transfer of men and material to War activities, the telephone organization in the United States itself was depleted and when the great pressure of the boom came on it immediately after the War, there was a tremendous problem created because the telephone business, like other traffic, is very bad when it jams. Mr. Thayer, who followed Mr. Vail between 1920 and 1925, recreated the service and set it again upon a high standard.

In 1925 Mr. Gifford followed Mr. Thayer. From that time until this the ideal of the founders of the Company has been fulfilled in that practically all telephones in the world are now connected with the Bell System "By wire and other appropriate means" as the charter stated. But to my mind, more significant than that accomplishment is the statement of policy, which Mr. Gifford made before a Convention of the National Association of Railroad and Utility Commissioners in 1927:

"The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundred's of thousands of people are secure and remain so; The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies also imposes on the management 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. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.

"It follows that there is not only no incentive but it would be contrary to sound policy for the management to earn speculative or large profits for distribution as 'melons' or extra dividends. On the other hand, payments to stockholders limited to reasonable regular dividends with their right, as the business requires new money from time to time, to make further investments on favorable terms, are to the interest both of the telephone users and of the stockholders.

"Earnings must be sufficient to assure the best possible telephone service at all times and to assure the continued financial integrity of the business. Earning that are less than adequate must result in telephone service that is something less than the best possible. Earnings in excess of these requirements must either be spent for the enlargement and improvement of the service furnished, or the rates charged for the service must be reduced. This is fundamental in policy of the management."

In other words, this business which has a million security owners, a quarter of a million workers, and which has almost all of the population as customers, is a trustee business. There have been no great fortunes made in it; there is no speculation in it. It is a trustee business which we hope in the long run will deserve your confidence so that people here will look upon the telephone as people in England have looked upon the Bank of England—that is, as a trustworthy service which gives you the best that is possible.

QUESTION & ANSWER SESSION

MRS. WILLIAMS: Mr. Page has very kindly consented to answer any questions that anyone in the audience may like to ask him.

MR. PAGE: I have been asked whether we expect the telephone to be superseded by something else, for instance, such a thing as radio. I do not. You know, science did not proceed in an orderly manner. The first thing that should have been discovered is radio, which is a simple process of sending signals in every direction. Then, if science had been logical, it would have found a way to direct sound waves in a particular direction from one point to another instead of in every direction. That would have been the discovery that wires were the best means of doing this. Nowhere on land does the radio do it as effectively or really as cheaply as it is done by wire. And that would have been apparent to everyone if the discoveries had been made in the proper order. Added to that, so far as we know, there are not nearly enough radio channels to take care of overland telegraph traffic, not to mention telephone traffic. We use radiotelephone across the sea. The reason for that is that we have no wires across the sea.

QUESTION: Can you give us a comparison between the telephone in England and the telephone in the United States? In England, I understand the telephone is owned by the government.

MR. PAGE: The telephone is owned by the government in perhaps most of the countries in Europe. The development in Europe as a whole is about a sixth and the use about one-ninth of what it is here. I do not believe in government ownership and operation. But the whole difference does not arise from the difference between private and government operation. Part of the difference is the fact that they are very small countries, telephonically speaking, separated by barriers, and the different administrations are naturally coordinated under one head. Then there is also a difference in the habits of the people. So you have to get the French and the Germans to agree to what happens across the line, and vice versa.

QUESTION: What part of the telephone revenue goes out in State and Federal Taxes?

MR. PAGE: I should think between $80,000,000 and $90,000,000.

QUESTION: What percentage of it?

MR. PAGE: About nine percent.

After all, on that tax question again, we expect to pay taxes if all the country is going to be taxed. That is all right with us. But it is not a matter that so much concerns us as it concerns you. We cannot pay the taxes unless we get the money. If you want us to pay $85,000,000 or $90,000,000 taxes for you, and you wish us to pay the cost of collecting them from you, and giving them to the Government, that is perfectly all right. As a Company we have not objected to taxation except where we were specifically singled out to pay an undue burden.

QUESTION: What is the expense in England to the owners of telephones in comparison with this country?

MR. PAGE: I have been asked the comparison of rates in England. That is very difficult, because you know the telephone rates vary according to the kind of service, not only here but there. In general, the British rates are not very different from ours. On the other hand, in this country a telephone operator's wages will buy very much more telephone service than it will in England. The government service just about pays, and they keep their books very accurately. But they have not extended the service. You see, what they have now is what we would call the cream of the business. They have not pushed it out to a maximum development.

QUESTION: It seems to me you have a very expensive initial investment. However, you get back all your initial investment with the thousands and millions of telephone calls. Then why does it not become a quantity production?

MR. PAGE: When you add another telephone to New York you have added a much more expensive thing than if you add another telephone to Potter, Nebraska, because in New York you have to allow for trunks between every exchange in the city, so that any telephone can reach any one of the million and one-half other telephones; whereas in Potter you have to arrange to reach only another hundred or so.

QUESTION: Will you please tell us about television?

MR. PAGE: Television is in the class with those inventions, which I said had not been developed to a point of commercial use. We had television operating between two buildings in New York five or six years ago. But I think we are just as far from having any practical use for it as we were then.

Speech to the New York Telephone Company
December 1936

Page, A. W. (1936, December 10). Public Relations Today and the Outlook for the Future. Speech presented at a Public Relations Course, New York Telephone Company.

Summary

Page provides a historical perspective on the company's business ventures and reviews how the company has successfully faced challenges created by the depression, the war, and other company ventures. He encourages the company to begin thinking about meeting social needs and causing social change. Page talks about the opportunities associated with conducting public relations for the Bell System, which was at the time the "biggest company in the United States."

Key topics	Page Principles
Federal Communications Commission (FCC) History – history of the Bell System Public Opinion – operating in the public's interest Social Change	Listen to the customer

Public Relations Today and the Outlook for the Future

Public Relations Course
New York Telephone Company
December 10, 1936

PUBLIC RELATIONS TODAY AND THE
OUTLOOK FOR THE FUTURE

During the last 25 years we have lived under the "square deal," the "new era," "normalcy," and the "new deal." We have had a couple of panics, one first-class depression, a war, and some minor excitements. During that period the Bell System has grown and become consolidated in position and I think has improved its reputation and standing.

Not only has the environment changed but the whole inside of the Bell System has changed. If history repeats itself, therefore, there's one thing that we can be sure of and that is that there will be a constant change both inside and out. The only kind of people who can get along well in these circumstances are those whose minds are subject to change. I don't mean subject to change without notice like the railroad timetable. But by foresight and thought one ought to be prepared for the changes so that they can be made at the proper time and in due order.

If this business is to prosper we have to be sure that it is flexible so that it fits the times and needs of the people it serves. Now that necessity brings up a more or less embarrassing fact. People in this world from the earliest times have been seeking with pathetic eagerness for a formula for their tough problems–a formula for religion, for government, and for morals. Why do they do that? It is to escape the painful necessity of constantly thinking about those things, and this is a serious thing for us.

We are the biggest company in the United States and to keep the biggest company so flexible that it meets the changing fancies of the public is bound to take eternal and unremitting thought; and more especially since our company is not only the biggest but is also a monopoly. To keep it close to the public is going to take more and more unremitting thought. And now for the more serious part of the news, — you are going to do the thinking.

You may have had the notion that Mr. Cooley and I, and others in the Information Department, were hired to do the thinking, — in other words that a simple formula had been found for public relations by hiring the public relations department. This is far from the truth. Those of you who know may think of many reasons why this could not be so. I will mention only one of the least important ones but still a completely conclusive one, — that is, there are not enough of us.

We were not hired to do the thinking, we were hired to be sure that you do. That is our job. We are a constant reminder, — what the doctors call a "counter-irritant." The men who in different tasks and on different levels in this business see its currents flow by day by day before their eyes are the men in positions to see and know whether it slides smoothly over the highway of public approval, or to see and feel the bumps when they occur. They have the opportunity to diagnose the troubles and find the cure for them.

You are then in the position to see the signs of a public habit or desire. You are likely to see it if you are looking for it, and likely to see it in time to do something about it, that is, if you are looking for it hard enough. The job simply is this: every man in his own area must see that our service fits the needs and pleasures of the American people at all times; to see that it fits like a glove fits a hand, — not a still hand but a moving hand. It is not a static problem. Our service has got to fit every motion that comes, and that goes for everyone in the Bell System, — from the president to the office boy.

Incidentally, I have tried to catch the President neglecting this part of his job so that I could remind him of it and fulfill my job, but I have not had much success. His is constantly on his job.

I should like to reiterate that the long pull and the main current of our activities are keeping our eye on the public and seeing what they want and seeing what they want and seeing what we can do to give it to them in the way they want it. I emphasize that particularly because from the questions people ask me I think sometimes we are a little diverted by details which are part of, but not the main part of, the task.

For instance, I am asked a great many questions about what effect the Securities and Exchange Commission has on us and the Federal Communications Commission and the Social Security Act and many other new attending circumstances of our life. They

are all-important, but remember they are just as much subject to the changing scenery of public pleasure as we are. They are signs of it exactly as our changing activities are signs of it. They are important symbols, but after all they are symbols.

The fundamental thing is the public desire, and whatever these institutions are now you may be sure they will be different two years hence, just as we will be. Our job is to adapt ourselves to this part of the changing scene now and in the future and to all the other parts of the changing scene. Our job is to run the communication business for the American people in whatever state of mind and money they happen to be at the time, and be on hand at the next stop ready with whatever they want when they get there.

I do not mean to imply that the conduct of our relations with commissions is not a highly important operating function. It is, and we should be foolish indeed if we did not conduct those relations with the utmost skill with which we are capable. All I mean to say is that for those who are not concerned with this particular job, the main long haul effort is to please the public, which is the final authority. That is our job and it is also the job of the commissions. We have a charter from the public just as they have. We have a mandate just as they have and to the same end. If we do our thinking better than they do, they will follow us. If they do their thinking better than we do, we will follow them. And the thinking is in relationship to the public as it is, not as we might expect our desire it to be.

If we think at times the public jury does not give us a fair chance to tell our story, that doesn't make any difference. In the long run I am not afraid of that, but if in the long run it were true that the public wouldn't give us a fair hearing, it would merely mean we would have to find a way to please the public without a fair hearing. We have got to please this public for it's the only public we've got – we can't change it.

Now, one word more on commissions. They are not always sensible and always wise, any more than anyone else is. But there is one thing certain. We have been through a depression and we have in general maintained our rates. I am fearful to think that might have happened without the commissions being there, because in the general state of public thought about such things it is practically necessary for us to have some institution to which we can point and say "we haven't conducted this thing arbitrarily; We have had to refer, and have gladly referred, this thing both to the commissions and to the courts."

I used to know an old man down in North Carolina who ended many arguments with the remark: "I knew a man who made a great success in life by minding his own business." That always seemed very complete and satisfying to me until it finally dawned on me that there might be some little difficulty in figuring out just what one's business was. If you ask most people in the Bell System what business they are in they will tell you the telephone business. That is right, we are, but that isn't all there is to it.

Our business is to enable people to communicate at a distance any way they want to, to the degree that the public desires to perform this service. I put this last in because you will remember that we once owned the Western Union Telegraph Company and were in a fair way to do the telegraph as well as the telephone business. The public at that time decided against that. The public's veto is the upper limit on our efforts. However, we don't want to have any other upper limit. We don't want to be like the buggy makers who

stuck to buggies when automobiles came along, nor the transportation companies which limited themselves to rail haulage because they called their business railroading.

We are not therefore just a wire company or a telephone company. We are not limited by the use of any material, device, or name. We are engaged in the social purpose of eliminating distance from human intercourse, — to make it possible for people to congregate in cities if they want to, or live in the suburbs if they want to, or live in the country, on a farm or anywhere else, and go where and when they please and still be able if they want to, to talk or write or sing or send a picture with anyone else with as little inconvenience as possible.

We often put in the word "instantaneous" as a description of our objective. That is a description of what we can do, but we are not limited to that. If the public wants the messages delayed, that is our job just as well as anything else.

In thinking about this business and the social service it performs, don't limit yourselves to any devices. Think in terms of social needs and social changes. The idea is not what are the uses of the telephone instruments or the things that are now associated with them, but what uses does the public want or could the public use, then let's find the means of giving it to them.

We are engaged in a social enterprise of vast usefulness and almost infinite possibilities. If we have the vision to see a wider and better public service, I am sure that there is ingenuity enough in the System to provide ways and means of rendering it.

In other words, even if we mind our own business, there is ample room for imagination and expansion. Opportunity runs off into the infinite. However, we can't be quite like the White Knight in President Wilson's story. According to that tale, the White Knight donned his armor, called for his sword and spear, clanked down the castle steps, mounted his great charger, and rode off in every direction at once.

We can't quite accomplish that. We have discovered that whether logically or not, the public does not expect us to attend to everything which touches on electric transmission. We do not do the message telegraph business now. That is in other hands. We do do the teletypewriter business — that is a switch message business.

We also do a leased wire business telephone and telegraph. We do the teletypewriter and the leased wire business for the very good reason that we are the most competent people and have the best equipment to do it. That gives us our public license. We did ask the telegraph companies to join us in the teletypewriter business, but they saw fit not to, so we did it alone.

Radio you know, we were in, being among the first to broadcast. But we got out of that. I think there would have been public complications had we stayed in it longer, but foresight got us out in time. We do, of course, still very largely furnish the networks, which connect the chains.

We used to be in the foreign manufacturing business. We get out of that. We were in the electrical distributing business, — Graybar. We got out of that. We got into the talking motion picture business, as some of our friends in the FCC pointed out in recent

times, because of the inventions in the Laboratories. We did try to get out of that. We tried to put that into the hands of the Warner Brothers. It didn't work. And then during the depression we got further into it than we normally would, in an effort to save our accounts. We have various other small things outside of the telephone business, such as hearing devices, medical devices, etc., and there is the much-discussed subject of television. Television is a thing which has had a vast amount of publicity. While it may be just around the corner, I am afraid that it is likely to be a pretty big corner.

The only part that we are preparing to do ourselves in television if and when it arrives is the same kind of job that we do for the chain broadcasting, that is, supply the network services between different stations. That might possibly be done by the coaxial cable, although as the coaxial cable is now it is a telephone experiment.

I mention all these things as examples of the kind of decisions which the management of the Bell System has had to make in the process of constant thinking about our public relations, whether we got in or out of these things, developed them or gave them to someone else, or what. All of these are just like the problems that come daily before us. If we see them early enough we make our decisions wisely, and if we have good fortune we pass through that difficulty not only without public disapproval but many times with high public approval. When we do not see them early enough, or where we have a bad break, then we get a less satisfactory result.

To me it has been most interesting that it is almost impossible in judging the public feeling to do it on a logical basis.

I don't think you can work out your problems by what you think is reasonable, but you have to work them out with constant thought and attention, watching the signs to see, not what they ought to think but, what they really do think. Now besides those questions of what is our business—they are as close as that—there are a great many others, which are brought up to us which are not so close. I am not going into many of them, but I will give you a few examples.

When the late unpleasantness was at its most acute stage, I used to have a very frequent visitor who in one way or another wished us to save the country. He came in on one excuse or another. He would let us participate in its salvation by contributing about $100,000 to combat Red propaganda. I had those offers twice a month. Now, our charter does not include saving the Nation from the Reds as one of our duties. I don't believe our stockholders put their money in the enterprise for that purpose. Some of them may be Reds for all I know.

We were also asked to lecture our employees on the value of peace, to help start a building boom, and to meddle in one-way or another with all manner of problems. As individuals, of course, we have all the rights and duties of any other citizen, but as a company it seems to me a wise thing for us to mind our own business, always with the thoughtful picture of what that business is.

Now we have come out of the valley of the shadow and are on the sunny slopes of the upward climb again. We have come through the valley of adversity exceedingly well. We have been very fortunate. The test now is whether we have the wisdom and character to stand the strain of returning prosperity, for there are many people who

drag anchor worse with the swells of prosperity than they do with the winds of adversity. The best balance wheel and governor that I know is a critical and constant thought on how we mold our flexible institution to a continuing fit with the constant change of the public's needs and desires.

Success, accomplishment, security, and satisfaction are all bound up with keeping clear the fact that our best job is the public service when, where, and as the public desires it, and the first requisite of giving the public what it wants is to keep our minds on every possible bit of evidence we can get which will give us a clear and early picture of what those wants are. I commend this exciting and entertaining game to you. As far as I know, there aren't many rules that anyone knows of. The only equipment necessary is brains. There are, however, no intermissions and the penalties for too much time out are quite heavy.

Speech to the New York Telephone Company
December 1937

Page, A. W. (1937, December 13). Public Relations Today and the Outlook for the Future. Speech presented at a Public Relations Course, New York Telephone Company.

Summary

Page reassures his audience that the company's good reputation and honest business dealings provide reason for the company to welcome a recent investigation by the FCC. At the time of the speech the findings of the investigation were pending.

This speech highlights a recent investigation by the Federal Communications Commission on the communications industry. Page explains the company's welcoming response to the investigation and the confidence he and Mr. Gifford have in the company's honest business dealings. Because the Bell System operates with both integrity and regard for the public welfare he sees no need to worry about the outcome. The investigation is completed and will be reported to Congress.

Key topics

Company philosophy – Dallas Speech
Reputation
Regulation – Industry/Government
Federal Communications Commission (FCC)
Finances – financial gain/loss
Customer Service – good service

Page Principles

Tell the truth
Listen to the customer
Remain calm, patient and good-humored
Realize a company's true character is expressed by its people

Summary

Public Relations Course
New York Telephone Company
December 13, 1937

PUBLIC RELATIONS TODAY
AND THE OUTLOOK FOR THE FUTURE

That which we call public relations may seem to some a mysterious cure for what ails us. In spite of its mystery, I have noticed in recent years a very considerable increase in the number of businesses that desire to take such a cure. In the last four or five years, the number of people from other businesses who have come in to talk to us about public relations, asking what it is, how it is done, what it is good for, what it will do, and other similar questions—have doubled or trebled. And books and magazine articles on the subject appear with greater and greater frequency. The question that is most often asked us is, "How is it that in the Bell System, all the operating people have certain

kinds of ideas and carry out certain policies?" The answer to that is, of course, the general training and the general interest of our employees.

A review of a recent book had in it something that interested me. The book was about Governor Hutchinson, British governor of Massachusetts just before the Revolution. The review stated that the people of Massachusetts had convicted Governor Hutchinson of treason against the state which they anticipated forming.

That process of reform, so strikingly stated in the review, has been exactly the process of reform that the American people have continued to practice on both individuals and business ever since. Whenever the public has an idea that they would like to change a large business and make it perform in a certain way, the public convicts the business of not having performed that way before it was told. The only safeguard for those of us in a large business, therefore, is to keep a pretty careful watch on the way people's minds are running, figure out the coming public attitudes, what the public decisions are likely to be and then be ready for them. We must try not to be in the position of being convicted of treason. We must obey the rules even before they are passed.

The Bell System has more or less of a license to run the telephone business in the United States, or a large part of the United States, but this license is a constantly changing one. There is the Constitution and under it the Bell System enjoys a lot of legal rights, but if we depend en those, we are likely to get convicted like the governor. He was within the law, but the law was about to be changed. We are somewhat in the same fix. Anybody who does business with the public is in a public business and has got to take account of the way the public wants the business done.

We have been very fortunate in the Bell System in having a high command that saw pretty well where the public's mind was going. Mr. Vail was about the first person to realize that regulation was necessary, and he was there before the public began forcing him to be there. Mr. Gifford's Dallas policy is just the same kind of thing. Another example was the decision that this business was a communications business and not a utility. This saved us a great deal of trouble –perhaps being included in the "death sentence."

The job of the Bell System fundamentally is to give the public more and better service, and cheaper rates if it can. If it can give more for the same money, this is equivalent to giving the same thing for less money. It may seem like a contradiction that the system gives customers more for their money, and at the same time gives the employees more pay for less work time. Yet that is actually the particular thing, which an institution like the Bell System is supposed to do. If you will look at the System's history you will see it has done this.

At the same time, the System has given the people who own the business or lent money to it about the same rate of return for thirty or forty years. That is, they have had very considerable security with almost the same returns. Of the three groups, the consumers have had an increasing return, the employees have had an increasing return, and the investor has had the same return plus security.

Now this is the job of management. Management in the Bell System is everybody. In a recent speech, Mr. Gifford said that workers and management are largely the same people in America, only in different stages in their careers. I think that is true of America in general terms, but it is particularly true of the Bell System. Management ordinarily means the people who decide things and the people who represent the company. That means practically everybody in the business, because all Bell System employees, from the President down, meet the public, decide something when they meet the public, and represent the company.

We have very few people who have no decisions of their own to make when they are dealing with the public. It is particularly true of the public relations of the Bell System that they are in the hands of everybody in the System.

That being the general picture, where do we stand at present this is a pretty fair time to take a look because we have been passing through a depression and very hard times, times that try men's souls, not to speak of their temper. Perhaps as good a way to judge where we stand is to take the FCC investigation as a test.

In 1933, when Mr. Cooley was good enough to ask me to come over here to address a similar group, I said something about investigations. This was before the FCC was established. This was the way the picture appeared then:

> "Having implicit faith in what the Bell System has done and what it is trying to do, there seems to me no particular cause to be disturbed about the fact that the government is going to survey the field in which we operate or that it may desire to reorganize the regulatory bodies and even change their functions so that we report to a new commission. Personally, I should hope that if any change is made regulation would not become so centralized as to tend to centralize telephone operation. The degree to which the Bell System has been decentralized with responsibility in the smaller units, has been a great help in allowing these units to function in a more pleasing manner to the public."
>
> "The service rendered in New York City and the service rendered in a small town in Missouri are not the same things. You have two different kinds of public. Decentralized operation has enabled us to meet these conditions. The centralization of regulation would not make our technical operation more difficult but it would make it more difficult for us to render a pleasing service and for that reason I should hope that we would not have such centralization. In this I expect I am speaking ahead of the proper time, for no one as yet has officially suggested more centralization of regulation."

That was four years ago and I still think this is the only cloud that would particularly worry us. I still hope that centralization will not occur. In speaking of this last fall before another similar group, I said:

> "I am asked a great many questions about what effect the Securities and Exchange Commission has on us and the Federal Communications Commission and the Social Security Act and many other new attending

> circumstances of our life. They are all-important, but remember they are just as much subject to the changing scenery of public pleasure as we are. They are signs of it exactly as our changing activities are signs of it. They are important symbols, but after all they are symbols."
>
> "The fundamental thing is the public desire, and whatever these institutions are now you may be sure they will be different two years hence, just as we will be. Our job is to adapt ourselves to this part of the changing scene now and in the future and to all the other parts of the changing scene. Our job is to run the communication business for the American people in whatever state of mind and money they happen to be at the time, and be on hand at the next stop ready with whatever they want when they get there."

I am not sure that there has not been considerable change in the public mind on several subjects during the last six or eight months, and if so the direction of our relations with the FCC may be modified by this changing state of mind of the public.

Let's go back and look at the history of what happened. At the beginning Mr. Gifford issued a statement and said in effect, "We welcome the investigation. There are no skeletons in our closet." That was really one of the greatest compliments that the head of any business ever paid to the people in it. What he said was that his intentions had been to have the business in good shape, and that he was willing to risk his good reputation and go on the stand as a witness and testify to his confidence in what all of the employees had done. In a decentralized business that is a vote of confidence in a lot of people.

The investigators started out to see if somebody in the Bell System had committed some immoral act, had deviated from complete honesty. Mr. Becker was looking for a scandal, even if it were only a little one. But he had no success in that. It does not seem to me unreasonable that a government should every once in awhile investigate in detail an institution which serves one of the great services of the nation. However, to do it on an ex parte basis at a time when there were more or less head hunting expeditions going on in other fields is not the most constructive way to do it. It is however the most severe test of the Bell System's public reputation. Now, as a matter of fact, if the Bell system had not enjoyed a good public reputation it would have been investigated early in the investigating craze. If we had been a shining mark, it would have started with us before it did. The Bell System was almost a "natural" to start on, being the largest business in the United States and a monopoly at the same time. The fact that the investigation started later as an indication that the System was not a shining mark for attack but that it had a good reputation. Moreover as the investigation went along, the very little interest that the public took in the various investigation reports was an indication that the general public mind held the Bell System in reasonable esteem, and that good fortune has followed us up to the present.

The investigation itself is now completed; the public has taken comparatively little interest in it; and next the FCC will make a report to Congress. Now as to what suggestions the FCC will make, I have no idea. But I still go back to the statement that I made when I began, that I am certain that the Bell System has been run, not only with honesty, but with great care and thought for the public welfare, and regardless of

whatever report anybody could make – provided we have an opportunity to discuss it before a committee of Congress – I see no reason for us to be disturbed about the matter.

There is one thing I think will be very helpful to keep in mind, and that I think we will need as we go along in the future. That thing is good humor. It is one of the best stabilizers we have. Some of you who are classical scholars will place the saying, "Whom the gods would destroy they first make mad." When people lose their tempers they usually lose the right direction at the same time. Now the Bell System has gone through the depression and has gone through all these disturbing times, and has maintained its good humor. This has done a great deal to maintain morale inside the organization and maintain our reputation and character outside. Anyway, it makes life a lot pleasanter, and I recommend it.

But if we stand pretty well, and I think we do, we cannot just stand still. Going back to our first analogy, it is true we have come to the present point in our practices by keeping in step with the changing direction of the public's mind. But the public's mind will go off in some new directions from here, and we have got to find out these directions and be there.

I want to take a minute and make one observation at this point. I don't think there would be any scandal if the Alexander Graham Bell family had made great fortune out of the telephone business, even as much as thirty or forty million dollars. I don't believe that would be considered immoral. Bell had done so much for the American people, and that amount of money might not be considered an unreasonable recompense for the greatest invention of mankind. But I am sure that as long as the Bell family didn't happen to make a great fortune, it has been a great deal easier for the System to get along without unfavorable comments. Since the original inventor didn't make a great fortune, it has been because of very wise management on the part of the Bell System that nobody else has.

Now what are our fundamentals? They are much as Mr. Cooley said. They are more or less outlined in the Dallas policy. They include good service, they include reasonable rates, they include fair wages and salaries, and they include a fair return to capital. Good service, as you know, is absolutely essential. Just after the war, there were serious problems in furnishing telephone service. What has happened to the service since? Good service is taken for granted in the United States today. I mean good technical service. We are a mechanical and ingenious people. Most of the things we make are well made. Light and power do not fail. Your automobile runs. You don't even have punctures any more. And good telephone service is the basis of the Bell System's reputation.

At the same time, I think you get more public approbation from polite, friendly, interested service, than you do out of a good technical service alone. The reason is that most Americans are reasonably efficient, but not all of them are reasonably polite. Politeness is a more unusual thing, and you know we get more comments about the extra service features that our employees give, than we do about the excellent, practically perfect, mechanical job of rendering service.

In discussing our public relations, either politeness or any other part of it, I don't want to make it appear that we are talking about a cloak, or a special method. I am not

presenting any vague theory. I am not talking about stage management. I am just talking about character. The thing we are trying to do is to be the kind of employees who want to serve the public, who want to be friends with their neighbors, who have a pride in their own profession—one of the best professions in the world—and who want to see that this profession is held in high esteem by other people because it deserves to be. To be a good neighbor and a good citizen—not a kind of Pollyanna, but one who uses his brains and makes his service pleasing and effective to his fellow men—that is what we are trying to be.

Speech to the Seventh International Management Congress, Washington D.C.
September 1938

Page, A. W. (1938, September 20). Fundamentals of a Public Relations Program for Business. Presented at the Seventh International Management Congress, Washington DC.

Summary

Page outlines the essentials of a corporate public relations program and offers advice on the best way to put one together.

Four key elements need for an effective public relations program are outlined: top management's continual assessment of its overall relations with the public, a means of communicating with employees on the company's policies and practices, a system for giving contact employees the knowledge and incentive they need to provide polite service, and a feedback mechanism that allows management to better understand the public's sentiments regarding the business. Both employees and the media play a role in telling the public about the company's operations.

Key topics	Page Principles
Reputation	**Prove it with action**
Public Relations – effective public relations	**Listen to the customer**
Corporate Power – fear/suspicion of big businesses	**Remain calm, patient and good-humored**
Regulations – Industry/Government	**Realize a company's true character is expressed by its people**
Public Opinion – operating in the public's interest, public opinion	
Propaganda	
Monopoly – suspicion of monopolies	

Fundamentals of a Public Relations Program for Business

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

FUNDAMENTALS OF A PUBLIC RELATIONS PROGRAM FOR BUSINESS

The main emphasis of this program is a manner of conducting a business. Along with this goes frankness in telling the public about the company's operations. Much of this will be done by the contact employees, but much of it must be done in other ways – by advertising in newspapers, magazines, on the radio, by official company statements, speeches and many other ways.

In this discussion I am assuming that public relations are designed to give a business a good reputation with the public, establish it in the public mind as an institution of character and an institution which functions in the public interest. I am not including a discussion of publicity, advertising or other activities that have a purely sales purpose.

Anybody who does business with the public is in a public business and subject to regulation by the public in many ways—by a great variety of laws, from those to do with incorporation or partnerships to fair trade practices and blue sky legislation; by various forms of public supervision; 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. The task which business has, and which it has always had, of fitting itself to the pattern of public desires has lately come to be called public relations.

There are obviously a great number of ways of handling the problem. I am going to suggest one method, not because I think it is better than many others, but so as to have a concrete outline before you.

The first thing in this program is to have the management of the business write out a statement of policy. This is equivalent to saying to the public: "We should like to serve you and we offer you the following contract which we think would be fair to all concerned and mutually profitable."

No one can write out such a document without thinking over the company's responsibilities to the public, as a purveyor of goods or services, as an employer, as a taxpayer, perhaps as a trustee of the public's investments, and so forth. It might occur, also, that a document of this kind, which the management would be proud to sign, when literally applied to the business, might not fit in all particulars. This immediately brings up the question whether the business or the policy was 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 the business, to see whether the business has public approbation and whether it ought to have it—to see itself as nearly as is possible as the public sees it.

The second part of the program I suggest is that a policy having been established, some machinery be set up to see that two things happen—(1) that the business does not deviate from the policy by inattention or neglect, and (2) that the details of the policy be changed to fit the changing public desires. The machinery to do this is ordinarily called the Public Relations Department.

A company can, of course, work out a policy and set up machinery to keep it revised, without a public relations department as such. But keeping attuned to the public wishes may be so vitally important that it seems but a matter of insurance to detail some one to spend all his time on that job. As knowing the public is not an exact science, the gentleman detailed to the job cannot answer questions with the precision of an engineer, or even within the latitude taken by legal counsel. But by constant attention, study and

experience he can learn some things and he can see that the problems concerning the public get the attention they deserve from the rest of the management.

However, to do this effectively he will have to be part of the policy-making councils of the company, for it is of the essence of the daily conduct of affairs. It cannot be an isolated function. Even though a company has set up a positive program and has a realistic philosophy about its relations with the public, it must still be prepared to meet new aspects of public opinion, which arise at any minute. It may be questioned by one group for having too much debt, and another for not having enough; by one group for having too many college graduates, and another for not having enough; at one time in our history the public would have censured a company for building ahead in a depression, at another for not doing so; sometimes there is criticism of lack of salesmanship, and sometimes of overselling, In other words, the public is a somewhat whimsical master. To keep in tune with it means eternal vigilance in watching its moods.

Not long ago I saw a review of a book about Governor Hutchinson, British governor of Massachusetts just before the Revolution. The review stated that the people of Massachusetts had convicted Governor Hutchinson of treason against the state which they anticipated forming. That process of reform, so strikingly stated in the review, has been exactly the process of reform that the American people have continued to practice on both individuals and business ever since. When the public gets an idea that certain business practices should be changed, it picks out a victim, tries him and convicts him under the law it intends to pass. The job of business is to guess what practices the public is really going to want to change, and change them before the public gets around to the trial for treason.

So much for the policy side of the public relations program I want to present to you.

There is another side. Most of the day-by-day relations of business with the public are not conducted by management but by the other employees, Salesgirls, salesmen, receptionists, repairmen, telephone operators—these are the people who largely represent business to the public. A company may have the best overall public policy in the world in the minds of management, but if the spirit of it is not translated into acts by those who represent the company in contact with the public, it will be largely discounted. To make any policy effective it would seem to me that the contact employees must be given an understanding of it so that 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 that it is a rule of the company and nothing more–well, that seems pretty arbitrary. And yet, if the employee does not know the reason for the rule, he can't explain it. Generally speaking, I am sure that public relations are improved pretty much in proportion, as the employees in contact with the public understand the reasons behind company policy and practices. And, likewise, the process of getting an understanding of these things is likely to develop better personnel.

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 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 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.

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 from 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.

Under this program I have set up as a basis for your discussion, you have –

1. A top management that has analyzed its overall relation to the public it serves and is constantly on watch for changes in the public desires.
2. A system for informing all employees concerning the general policies and practices of the company.
3. A system of giving contact employees the knowledge they need to be reasonable and polite and the incentive of knowing that those qualities count in pay and promotion.
4. A system of getting employee and public questions and criticisms back up through the organization so that management may know what the public thinks of the business.

The main emphasis of this program is a manner of conducting a business. Along with this goes frankness in telling the public about the company's operations. Much of this will be done by the contact employees, but much of it must be done in other ways-by advertising in newspapers, magazines, on the radio, by official company statements,

speeches and many other ways. I shall not discuss the techniques of advertising and publicity except to state that their function in public relations is to tell the public as much as it will listen to of the policies and practices of the company, which make up the contract under which it wishes to serve the public.

This very question of publicity is an interesting example of the changing viewpoint of the public. Twenty-five years ago the complaint against big business was that it was secretive. No one knew what were its policies and practices or what it was doing. There were demands that various aspects of business be made public. This tendency has continued, but of late, if business has not only made the facts available, but by advertising and otherwise got public attention to them, there has been a disposition to object to this as propaganda. There is, of course, a question of propriety and wisdom in the kind, degree and methods of publicity and on this the public's verdict is as final as on any other subject.

Publicity is an important part of public relations, but in business as in most human affairs, what you do is more important than what you say. It is always possible to make a good statement on a good set of facts, but no more in business than in politics can you fool all the people all the time, and if you expect to stay in business long, an attempt to fool even some of the people some of the time will end in disaster.

The final set-up of the program then is a management alive to its public responsibility, an informed, reasonable and polite personnel, and procedures for informing the public—in other words, an organization made up of many people, which, wherever it touches the public, acts like a wise and considerate individual.

I think you all will agree that the public is a whimsical master. It seems as if all of it never thinks alike at anyone time and it never seems to think alike twice. And yet there are certain currents of thought that appear 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. The consequence is, that practically speaking, business is confronted by the public with a "show cause" order why it should be big. In order to justify size it must be prepared to demonstrate that 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.

Business is the means of producing the things men live by—the necessities of food, clothes and housing, our entertainment, our luxuries. 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.

It is, therefore, to the interests of both that there be established a state of confidence concerning the relations between big business and the public. Can there be established such a state of confidence? How effective can our public relations be? I have a belief that they 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 relations of large corporations with the public in which the phrase occurs—"Oh, well, they are attaching this corporation and that, or this or that 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. The political test comes down to this. If the reputation of big business is good enough with the public, no one representing the public—whether in press, politics or any other capacity—will be hostile to it. Because of the ordinary human suspicions 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 until business, by and large, has put the same thought and effort on the subject that it has put on research, production and selling.

Speech to the Bell Telephone System's Traffic Conference
October 1938

Page, A. W. (1938, October 25). Notes on a Public Relations Talk. Presented at the Bell Telephone System's Traffic Conference, Virginia Beach, VA.

Summary

Page acknowledges that at the time of this speech public relations was becoming more widely recognized and regarded as a corporate practice. The public's perception of the company, as identified in research, is reviewed. From this research, four key findings are acknowledged: 1) the public believes the company's service is good, 2) the public believes the cost for service is too high, 3) the more people know about the company the more they like the company, and 4) people in a higher income bracket know more about the company than those in a lower income bracket. Page also offers recommendations on how the company can more effectively conduct business and improve its relations with the public. As such, he recommends researching and communicating with additional target audiences. He also talks about the need for making a profit, producing a good service, as well as helping employees develop initiative and gain a greater vision of the company.

Key topics

Company Philosophy – Dallas Speech
Employee Relations

Finances –investments/investing, financial gain/loss
Customer Service – good service
Public Relations – popularity of public relations
Public Opinion
Research

Page Principles

Prove it with action
Realize a company's true character is expressed by its people

Notes on a Public Relations Talk

Traffic Conference
Virginia Beach, VA
October 25, 1938

NOTES ON PUBLIC RELATIONS TALK

The discussion of public relations is getting very popular. In the October Fortune there is a full page editorial in the subject; in the United States News there is another; and this is typical. The Electrical World has a third of an issue on the subject, and it is

worth reading. There is in the air a general urge for all business to take care of its public relations but it is much easier to urge that than it is to do it.

Public relations cannot be measured as well as technical traffic results. However, there is a beginning of measurements of some aspects of public relations. We have had help from Mr. Richardson of Mr. Heiss' department in making some studies, and there have been other studies made by such organizations as that of Dr. Gallup and the Psychological Corporation. The results are interesting. It is, of course, impossible to translate human emotions into figures and make an accurate portrayal of the emotions, but some relative indication of an interesting character begin to appear. As far as they affect us, they seem to be somewhat as follows:

First, our service is universally held to be good. That is based upon the fact that it is good, but the degree to which the public knows this is, I think, greatly increased by the fact that we have been telling them about it for twenty years. In other words, advertising can increase the knowledge of anything which the experience of the public convinces them is true. If our service were bad, the more we said it was good the more it would hurt us; but if our service is good, the more we point it out the more it helps us. And this leads to the conclusion that if there are some other simple things which can be stated and which are true and which would help us, we ought to be advertising them as we have the facts of good service.

The second thing the figures show about us is that the public has an idea or suspicion that our charges are too high. That I think is based on the misconception that they don't know the cost or what it takes to render the service. There was a very interesting experiment conducted by the Pennsylvania Company in which it asked people questions regarding their opinion of the cost of service before going into an Open House and afterward. When the public saw what it took to give them their service, their opinion was very markedly changed. A very much small proportion still thought that we could charge less for the service – and that was without any argument in the Open House. I think that an explanation of the costs of service is one of the most important things, which we have neglected to tell the public.

The third thing the figures show is that the more people know about us the better they like us; and

The fourth thing is the higher income groups know more about us than the lower income groups – and that is reasonable, because we reach the higher income group by service, through our personnel, through our advertising, bill, inserts, etc, and many of them are stockholders – added to which they are more or less business minded.

The lower income groups below, the level of those who are subscribers to telephone service are affected much less by these methods. In fact, I think they are affected very little. There is little knowledge of us in that strata to act as a defense against any sudden statement about us, which might be made. For that reason it seems that we should be particularly careful that no groups from that category arise with a grievance against us.

Which brings me to the Negro problem we were discussing. I think we ought to be particularly careful in our handling of it. I have only one suggestion to make and that is

that besides looking over our internal situation to see what we can do, we make some kind of a study of the Negro population in the various cities, find out who the Negro leaders are and what they stand for. Perhaps we can find among those leaders somebody with whom we can satisfactorily handle the problem — and they may not always be the ones we would deal with if we just sat and waited for grievance committees from the Negro population to come see us.

The studies showed also that in times of depression we suffer in our public relations as everyone else does. The good opinion of anything goes down as people's comfort goes down. I think that this cycle is passing; but it is perhaps fair to point out that a cycle is usually not a circle, because when a cycle is passed it doesn't leave us exactly where we began.

In any case, probably for some time to come, the lower groups economically – the "under-privileged third" if you will – is likely to have more effect upon public opinion than it previously had. This is particularly true because the New Deal has tended to divide us politically horizontally instead of vertically. Formerly, the Democratic Party held every shade of economic opinion from the most Bourbon Tory to the most extreme radical – and the Republican Party held the same; sometimes the proportions were a little different but not very much. From the economic point of view; therefore, a change from one to the other provides only a moderate swing. However, if we are divided horizontally so that all those who have little and wish to be given something are on one side, and those who have something and don't wish to give it away are on the other, a change from one party to the other will have some of the revolutionary effects which occur from time to time in some of the countries of Europe. I don't myself think we are coming to this in any extreme way, but we are nearer to it now than we used to be.

Besides this general condition to watch, we have two specific matters. One is the Western Electric. In recent years, the public has come to feel in considerable degree that workers have a vested interest in their jobs. Perhaps it isn't logical for a man who never hires anyone to be considered a good citizen while a man who hires men part of the time and has to let them go the other part is a public scapegoat. But such is the opinion, and in some way we must meet this, because we cannot afford a general public indictment by large lay-offs in any part of the Bell System.

The other danger to my mind is any lack of profits. Mr. Gifford said in the Dallas speech, "The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. It is not only that we owe it to the stockholders; if we fail in profits the whole enterprise gets anemic. We are a great bureaucracy 300,000 strong. We differ from government bureaucracy in that there are life and initiative in management – that enterprise and ability are rewarded, and that we can command the funds to give that initiative and ability scope to work. If the profits fail – to put it concretely, if the stockholder suffers long – there will be pressure to cut down on service, on rewards to management. Well, the history of the railroads is warning enough. We need the courage and ingenuity to get adequate profits in good times perhaps even more than in the past, for as we go to dial we can't reduce employees as we used to – even if present public opinion would let us. We shall have hard work in bad times

cutting the expenses attached to machinery or employees. We'll have to have something set by in good times to make up for that fact.

The function of good public relations is to give you freedom to do what you ought to do. I hope and believe ours are good enough to justify our making adequate profits and that we will have the courage to make them, for without them I fear the vitality that alone can bring personalized service will be lacking. We need the money to keep up the kind of service, and public relations we ought to have and we need the public relations to get the money that we ought to have. Good service is a constantly improving service. The opportunity to improve our service lies in making our service, as Mr. Harrison phrases it more "sparkling." It is that, but it comes from service based on an understanding of the business and an interest in it. We haven't any lower rates to give the public; at the minute we haven't any appreciably better technical service to give, except the dial. Our hope lies in more informed, more courteous, more thoughtful service. And this is another difference between the Bell System and a government bureaucracy. We have all the rules and routines which they have but our salvation is to play the routines and rules with understanding, not only for the effect on the public but for the effect on our own people, for the more they know the more they understand, the better their jobs should seem to them and the better material for management they should be in the future.

Someone said we were doing a lot of selling the company to our employees. It is more than selling the company; it is selling them their career – their future – their opportunity. It takes $16,000 of plant, material or investment in one thing or another for each employee in the Bell System. If we are to grow, we need to get that money from the public. It takes better tools, equipment, plant, better methods to enable the men and women workers to earn more money in less time. These things come from management. If they don't keep coming there can be no more increases for workers. Our people know much more of these things than they used to know. I don't think we can over do giving them such information so long as our methods are effective, for I think it is not only the basis of good personnel relations but of the pleasing service on which we rely to satisfy the public and likewise the profits on which we are likely to keep the initiative and enterprise of management active and effective. How many people with over all vision of the business are you developing? That is one of the fundamentals of our public relations now and in the future.

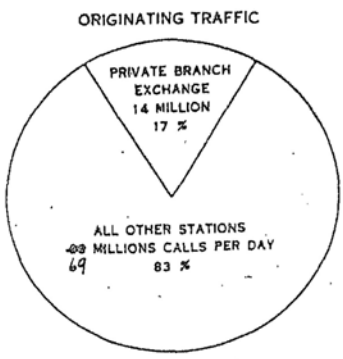
This philosophy has a vital effect upon the labor situation, which we have been discussing. An intimate contact with the workers, and intimate flow of knowledge concerning the business, and evident frankness in being willing to discuss anything with the employees at any time – that is the day by day system by which the employees and management are kept in close touch. I don't know just where employees stop and management begins. But in any case it is the method by which all who work in this common enterprise are given a common objective, common knowledge and common aim, and if that is done there will be very little left for collective bargaining in the antagonistic sense.

I notice that as we are confronted with troublesome times we have come in many cases to doing much more of this intimate informative work than we used to. The devil was upon us and we got religion. That is all right as a means of getting it so long as it doesn't work out that when the devil seems to disappear the religion will disappear with him.

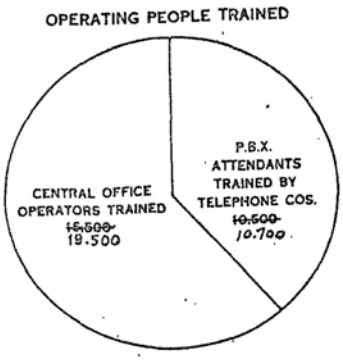
This is a program for from now on. In saying that I don't mean any specific plan is a program from now on because in order to make the process of teaching effective it has to have variety. The material varies from time to time and the methods of doing it vary from time to time. It must appear in relation to what is going on in the company and the world and it must appear in new dress and with new vigor, and this calls upon management to provide great teaching ability. That will have another interesting result, for a man cannot teach well a thing he does not know well. I will dare the guess that Mr. Leazenby, for example, knows a great deal more about these matters since his recent experience in teaching others than he did before. Moreover, if the teaching is done intimately and in small groups and on a frank basis, it will inevitably provide another thing, which is necessary for our personnel and public relations. I can't conceive that such a process as we have been discussing could go on without its bringing back a very convincing, up-to-date and accurate picture of what is on the minds of our employees concerning their own jobs and also what they gather as the public attitude toward the telephone company. For good public relations it is essential that we not only have machinery for disseminating information down through personnel, but that we have machinery for accurately bringing up from the personnel to management the information which shows its state of mind and the public state of mind. If these two requirements can be had by the same piece of machinery—and it seems to me they can—we are indeed fortunate.

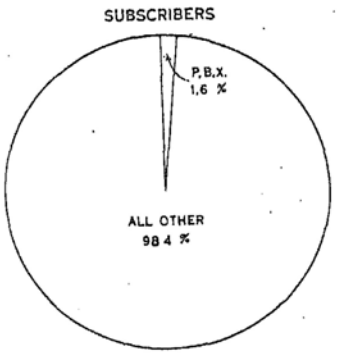
We need profits to maintain our freedom to do a good job. We need to develop people with initiative and over-all point of view. We need to produce an increasingly pleasing service. A constant and effective teaching program for our employees and a constant and attentive listening to their reactions are the most promising method we have for gaining these most important objectives. It is either management or public relations or what you will. It is really a way of conducting a business in these modern times and I think not only the best way but the only safe way.

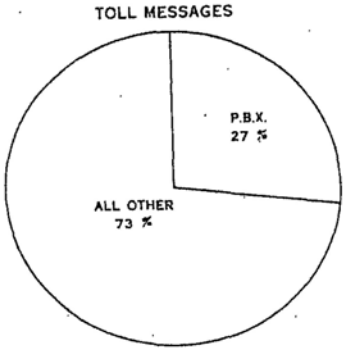
PRIVATE BRANCH EXCHANGE

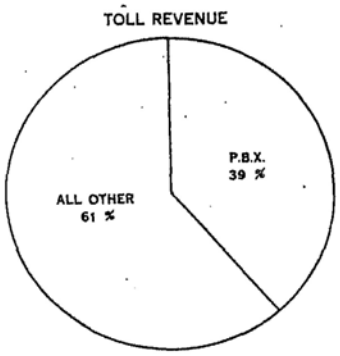


Service	Index
1938 -	92
1937 -	89
1933 -	78









Data concerning Subscribers, Toll Messages and Toll Revenue, based on surveys of eleven cities as follows:

Atlanta, Ga.	Cleveland, O.	Pittsburgh, Pa.	Springfield, Mass.
Baltimore, Md.	Newark, N.J.	St. Louis, Mo.	Syracuse, N.Y.
Bridgeport, Conn.	Omaha, Neb.	San Francisco, Cal.	

Speech to the New York Telephone Company
December 1938

Page, A. W. (1938, December 14). Public Relations Today and the Outlook for the Future. Speech presented at a Public Relations Course, New York Telephone Company.

Summary

Page clarifies and expands on the speech he delivered at the Seventh International Management Congress on the Fundamentals of a Public Relations Program for Business and makes it more specific and applicable to an internal audience. He also discusses recent research on public opinion about the company outlined in 1938 Traffic Conference (see speech 23 & 24 for more specifics).

Key topics	Page Principles
Company Philosophy – Dallas Speech	**Prove it with action**
Reputation	**Listen to the customer**
Customer Service – good service, customer service	**Conduct public relations as if the whole company depends on it**
Corporate Power – fear/suspicion of big businesses	**Remain calm, patient and good-humored**
Monopoly	**Realize a company's true character is expressed by its people**
Public Relations – popularity of public relations	
Public Opinion	
Research	

Public Relations Today and the Outlook for the Future

Public Relations Course
New York Telephone Company
December 14, 1938

PUBLIC RELATIONS TODAY
AND THE OUTLOOK FOR THE FUTURE

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.[1] Having talked to these people outside, I thought I had better come inside again and explain what I was driving at.

[1] Seventh International Management Congress, Washington, D.C., September 20, 1938.

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 would 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 statement at Dallas eleven years ago or so, and that has been amazingly effective in helping to clarify the thinking of the 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, buy 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, salesmen, 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 operations 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,” we 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 foreman, 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 anyone 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 consequences is that business is confronted by the public with a "show cause" order by 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 can't 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 call, 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 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. 1 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 businessmen 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.

Speech to the Public Relations Conference of Chesapeake & Ohio Railway Company
October 1939

Page, A. W. (1939, October 27). Industrial Statesmanship. Speech presented at the Public Relations Conference of Chesapeake & Ohio Railway Company, White Sulphur Springs, VA.

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
October 27, 1939

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.

Speech to the Engineering Societies of Western Pennsylvania
February 1941

Page, A. W. (1941, February 3). Talk. Speech presented to the Engineering Societies of Western Pennsylvania, Pittsburgh, PA.

Summary

Page addresses the Engineering Societies of Western Pennsylvania on the incentives of freedom and how it increases opportunity and stimulates progress.

Page provides a historical perspective on American industry and the need for greater ingenuity and a development of the sciences. The engineers are encouraged to think for themselves, take responsibility for their actions, and be the captain of their sole and fate. To fuel progress they are admonished to think beyond the restrictions placed upon them from government, industry and most of all themselves.

Key topics	Page Principles
Engineering	**None**
Freedom	
Progress in Society	

Talk

Engineering Societies of Western Pennsylvania
Pittsburgh, PA
February 3, 1941

TALK

As I understand it, up until about 200 years ago engineering wasn't a self-conscious profession except for the purpose of killing people. The only kind of engineer that Johnson recognized in his dictionary (1755) was the military variety and the line he quoted to explain the meaning of the word was Hamlet's comment—"For 'tis the sport to have the engineer hoist with his own petard."

In a sense and to a degree I think that is what has happened, but the sport was not as good as Hamlet pictured, for the petard was a very big bag of powder and hoisted a lot of other people besides the engineer.

I have a feeling that the engineers have been so successful in making what we loosely call democracy work, that they have undermined a good many people's faith in it. This sounds a little Irish but if you will bear with me a few minutes I will try to lay the case against you before you, so to speak.

In the first place, democracy is a form of government. I do not think really that we are violently interested in forms of government as such. Any form, or next to none as Jefferson preferred, would do us if at the same time we could have personal liberty and reasonable opportunity. It was because other forms of government interfered with people's pursuit of happiness more than representative government, that we chose the representative form, which we call democracy.

The writers on government trace the origins to Runnymede and various other ancient incidents, but the pursuit of happiness for the common man really began to have prospects of success after mankind took up engineering and began to improve the manufacture of clothing, housing, and to make cheap for the multitude the necessities and comforts of life.

This kind of engineering was the product of the liberty and freedom that took a strong hold on men's minds some 200 years ago. Perhaps the publication of Lock's Of Civil Government in 1690 is as good a single date as any to mark this. A period followed in the world when more men had a chance to do something for themselves, to think for themselves, to work for themselves, to be freer to follow their own judgments and freer to take on responsibility for their own welfare. For most of the history of the world prior to that a very small proportion of the people had been telling the rest what to do and how to do it and what to think about it. Whoever the few were who were doing the telling, they were the governing classes. They were undoubtedly brighter than the other people, for that is how they got the job of doing the telling, but in spite of that, when their brains were spread out over all the people the coverage was pretty thin. The result was that although mankind had lived for thousands of years on a bountiful earth, practically all of them had a serious case of what is now called under-privilege, except the few who were doing the thinking and telling the others. However, as the license to think for one's self and act for one's self, got to be wider spread, extraordinary things began to happen. All sorts of inconsequential people began to turn up with ideas that worked. Arising out of this freedom to try for one's self did come a time when great numbers of people were fed, clothed and kept warm far better than had ever been done in the world before.

Along with this came another revolutionary idea, which was not only to allow every one wider latitude to think for himself, but actually to try and stimulate thinking. The way they went at it was to send boys to school. I don't know that we can be sure that it is an effective way, but the process has gone on ever since. And it was logical enough, for the little group that had done the thinking and planning had had schools. The old universities were trade schools or professional schools for the ruling classes to learn how to rule. You could teach people how to rule in a school, even if the result was not too good, you might also stimulate their minds in other directions.

So freedom and education marched hand in hand holding up the banner of opportunity. The army that came behind, however underprivileged it would look to present-day standards, was the cheeriest, most confident, best fed, good-natured and disorderly army that had ever appeared on the globe. The men had hope for their generation and the women for the next. Every one tended to go his own gait in his own way. What is more, there was a little margin, which tended to make people speculative and careless. If one thing didn't work, they tried another. They got in each other's way. There was little quiet and little order.

These people made far more progress than had ever been made before, but in a most higgledy-piggledy manner. The disorder of the progress produced jams of one kind or another, disturbances and fights. It was obvious that there had to be some rules to prevent too much interference with each other and at the same time not enough rules and regulations to produce the old result of having the minimum number of rule-makers do all the thinking and tell the others what to do.

The history of what we call democracy has been a constant struggle between liberty and regimentation to strike a happy balance. In a country like ours which for many purposes is but a single market and in which, therefore, commercial actions ramify over great areas it is natural that we get in each other's way, natural that there are clashes of interest. It is also natural that this leads to a demand for the regulation of the conflicts. All during our history the people who have felt that they were getting the worst of these clashes have run to the government for relief, manufacturers, distributors, consumers, farmers, labor, every one runs for special protection. And this is not a new phenomenon. It did not begin with the N.R.A., it has been with us a hundred years. Before the revolution the price of tobacco was maintained as cotton is now. Years ago state money was used to build railroads at the instance of certain groups as state money is used to furnish electricity now. There is a constant tendency for one part after another of our means of making a living to get under the limitation of the thinking of a few people in authority. But at the same time there is a tendency to have the whole process constantly revitalized by new industries, which come up with vigor, untrammeled by restraint–a succession like the steel, the automobile, and the chemical industries.

What is the difference between having a few men at the head of big industry do the thinking and deciding for the many and having the deciding by a few men in governmental positions? This centralization of power in government is often to prevent the centralization of power in industry. The difference I think is clear enough. In the industrial world a few men do not do the thinking—a very large number of people contribute to the decisions and the teams of people that do this have to live with the results of their actions. They are responsible—individually and in groups. The concentration of authority in government agencies is not accompanied with the same responsibilities, and while the public can always appeal to the government about industry, it can't appeal to anyone about government operations except a general election, which is not likely to be effective for this purpose. Putting management in the hands of the representatives of everybody, while it sounds like the acme of liberty, in practice tends to reduce the chances of men to do their own thinking for their own profit, and by the same token tends to degenerate the vitality of the American experiment. That brings us to the kind of quandary that is usual in human affairs. The more complex our civilization grows because of the success of individual initiative, the more clashes of interest arise and the more it seems necessary to curb individualism in order to preserve liberty. Yet the very curbing tends not to preserve liberty but to reduce it by placing as a ceiling on national thinking the brains of the small number of rule-makers. It is this kind of circle in human affairs that makes them defy solutions. It is this kind of thing that makes those who have never really had a belief in the capacity of mankind give up the struggle and seek the comfort of a definite answer in authority and uniformity—in short to accept a dictatorship or anything that will let them quit thinking and be rid of responsibility. They crave a formula, a theory, an answer to life. And when people get this way they are half licked.

So far, however, in this country we have had more courage in following freedom than have any other people. We have gone further than the democracies abroad.

We for the most part have been freer from taxes and freer in opportunity. Up until recently we have been more a low tax, high return, high opportunity, more or less classless society. In Europe the democracies have had equally the rights of free speech and religion, but they have had higher taxes, lower return for their thinking, less opportunity and a more stratified society, looking to security more on a pooled basis than an individual one because the individual's chance was less than here. And on the whole, they were more orderly.

Yet from their almost perfect state, many people used to be eager to come to our disorder for the extra freedom and opportunity it offered. The reason is plain enough.

If you translate the pursuit of happiness into the language of the common man, he had with us more opportunity to do as he pleased, plan for himself and his family with hope of success—and an hour of labor here would buy about twice the food that it would anywhere in Europe. He could earn a shirt here in an hour and a half that would take him four hours in England, and more than two days in Italy. He could earn three pairs of socks here in the time he could earn one in Germany, and a radio in less than half the time he could earn it anywhere in Europe.

There are those who think these results came because this is a rich country. Undoubtedly that gave the inventors, scientists, salesmen and engineers something to work on, but it was the incentives of freedom to think and work—each man for his own—that produced the result. Russia is a rich country, but Russia is a country where men only have had the liberty to do and to think what the Czar or Stalin wants them to. The pursuit of happiness there has but little chance of catching anything.

With us the race was to the swift but pretty much every one ran some and almost everyone who ran at all got some kind of a prize. I don't think we realized how successful our civilization was nor how completely the success was tied to the higgledy-piggledy method of progress that is inevitable in a country where all kinds of people have real liberty of thought, of action, of hope, and aspiration. The very lack of uniformity is the result and the evidence of the individual pursuit of happiness.

When the depression hit, many people temporarily lost faith in a process that depended on themselves. Mankind in such circumstances always wants an answer a panacea wants safety. That isn't a new kind of crisis. It has happened before, but it was aggravated this time by having the engineer's petard go off. That scattered a belief in formulas, and blueprints all over the land. They called attention to the fact that engineers controlled the difficult forces of nature, that research could make two blades of grass grow where before there had been but one, that chemistry and electricity had revolutionized the world, that science was the magic by which everything could be planned including the hopes and fears of 135 million people. This idea had been gaining ground for some time. With the depression it became a religion.

The old engineers, like Ben Franklin, had mixed engineering with philosophy and observation of people. They had quite a lot of good ideas on physical subjects and equally

useful ones on what makes people do as they do, but they had no idea that they could engineer humanity. When our engineering schools had really gotten into full career they more or less abandoned the old subjects of humanity, for, except in medicine, no one seemed to get on with it with great rapidity on the other hand, by careful study you could get something new on nature with startling frequency. In fact, almost any good man could add to the sum of human knowledge in science, whereas in other fields it was a tough problem. As a consequence the scientific and engineering people got most of the citations in the army of education.

Every time they published a paper they got a new star. If you were not trained in the scientific method you were in a fair way to be sent to the rear. Old-fashioned scholarship had lost its flavor. It is more than the humanists could stand. They changed their standard from political economy and the like to Social Science, to get in the charmed word "science." They more or less abandoned the application of the accumulated experience of mankind to the changing scene, and began counting and classifying the plumbing and automobiles of the population as a basis for judging human nature.

They figured that if two and two made four in mathematics it was bound to do so in human values also. There has been immense excitement in the solving of human problems by formulas, blueprints and statistics when, in fact, no human problem is ever solved until the humans in question are dead. Up to that time, human affairs have to be managed day by day continuously, and managed more by experience, judgment and a good sense of inherent probability than by statistics, blueprints or surveys, however useful these may be.

Now I know that engineering education has turned toward more human consideration, but the idea of the omnipotence of planning had gained a fine foothold and it only needed an occasion like the depression to develop into a religion. Bright people again rushed forward to do all the thinking for the crowd. Again they began to tell everyone what to do and how to do it. Under the name of liberalism, we headed back toward the old order wherein liberty was rigidly restricted. Why did we think it would work now when it had not worked before? Because the scientist and the engineer had conquered nature. Because we could now with science plan anything. With science and engineering on the job we at last could blueprint the future of mankind and put our foot on the accelerator of progress in a planned and orderly world.

In the last fifteen years we have had quite a number of people in many walks of life in business, in the colleges, in the government, who knew the answers to almost everything. Their picture of democracy was much like that of the man who organized a society for people to do as they damned pleased even if he had to make them.

But still the brains of the few won't cover the many any thicker than they used to do.

And so I earnestly beseech you to bring a suit against the scholars to make them return the word science to you who deal in material things, and to give up the slide rules, the formulas, the instruments of precision, and the engineering methods which when applied to materials had freed man, and when applied to man are in a fair way to enslave him. And I beseech you to let mankind pursue happiness with as much freedom as

possible and not ask him to fit his future to a provisional estimate worked out in a logical size and shape, but one for which God never intended him.

Years ago there was a story in New York of an Irishman recently landed who saw a good fight starting up in a saloon. With the instinct of European restraint he asked if it were a private fight or whether anyone could get in. If he had been over a little longer he'd have joined without asking. I hope we are not going to get into the state of mind where people are timid about taking a hand in the game of life, timid about thinking for themselves and doing for themselves and thereby making that real if disorderly progress in the pursuit of happiness which has been the salvation of this country.

I have a feeling that this depends in a large measure on the management of what we call private business. If it can continue to improve the average man's chances, continue to make use of more people's thinking and interest I have no doubt we shall succeed. The success of private management in making the pursuit of happiness a reality to the average man is the test of our democracy. The brains which, used in the science and engineering, give us the tools necessary to success have got to make progress in the more difficult art of managing human beings. And I have every faith that it will.

The success of the America, which has been the most hopeful experiment in human history, has been the result of freeing more and more people to think for themselves, building up more and more people to responsibility for themselves, dignifying the individual so that he has the will to be the captain of his soul and of his fate. In such a free country mankind slowly grades up, both in general capacity and in leadership. On the other hand, as freedom is circumscribed mankind tends to grade down and leadership to dwindle until it falls into the hands of a few people or a dictator. We are witnessing an industrial contest between two systems, one in which there is the responsibility to participate as free men under the multifarious leadership such a society builds up, and the other where men are ordered to participate under the leadership circumscribed by the limited thinking of a few. For those who have any faith in mankind there can be no doubt of the ultimate outcome. Nor can there be any doubt of the duty of American industry to demonstrate the values of a free civilization as well as to save it.

Speech to the New England Telephone & Telegraph Company
March 1942

Page, A. W. (1942, March 24). Talk. Speech presented at the Supervisory Group Meeting, New England Telephone & Telegraph Company, Boston, MA.

Summary

This speech discusses the impact of the Bell System's contributions to World War II and offers advice on what the company can do to build public trust and positively influence public opinion while its performance is being impacted by the war.

Page emphasizes the company's need to provide the government as much support as possible in the war effort. The company is advised to tell the public what they are doing to help advance the war and why they do not have all the necessary materials to do their jobs, grow the telephone business, or provide customers with the infrastructure they need. Instead of displacing blame and pointing fingers at the government's mandate to reprioritize and help the war effort, Page highlights the need to avoid complaining and cheerfully tell the public about how the company's contributions are directly impacting the war (e.g., supplying ammunition). The company is advised to move forward and focus on the business of selling its service, not materials.

Key topics	Page Principles
Accountability	**Tell the truth**
Public Relations – Message – framing the issue, PR message	**Remain calm, patient and good-humored**
Public Trust	

Talk

Supervisory Group Meeting
New England Telephone & Telegraph Company
Boston, Massachusetts
March 24, 1942

TALK

The fundamental policies of the Bell System have been to

1. give the best possible service at the least cost consistent with the financial integrity of the business.
2. to carry on research and development for the development of the telephone art.
3. to protect the investment of the owners of the business for them and for the future use of the public.

4. to pay adequate salaries and wages, and the most opportunity possible.

At present there is a fifth part of the policy that overrides them all –

5. to run the Bell System so that it does its maximum service in winning the war.

And we are particularly fortunate in the fact that our business is vital in this national emergency. That does not make so much difference to those who are young enough or smart enough to go into the war directly, but for the rest of us it's a vast comfort to be in an enterprise essential to the nation in these times.

You read every few minutes that the United States is the arsenal of democracy, that our production is the basis of victory. We take it for granted. Let's analyze it a little. There is as much raw material and more people in Russia than there are here. They have been working on their army and its equipment for many years. Yet everyone expects us to send them machines a couple of years after we start making blue prints. Why? Well, it's know how and organization. That isn't just a number of people, nor just a number of smart or trained individuals. It's well trained teams. The chief assets of the United States for this emergency are a number of well trained teams, not the least of which is the Bell System. It's a team of 400,000. The 400,000 can play their positions and they all know the plays and the signals, and what this team does is absolutely vital, for over its wires go the signals of all the other teams that are getting things done.

We can be thankful that we are on the main line. We also have got to be careful that we act like people on the main line. Well, why not? What is to prevent us? I'll tell you. This country has been through a lot of wars and other troubles and it comes out in the long run and for one reason, and it isn't that everybody does his part. Everybody doesn't. It's because the real people who know how and have the character and guts get the things done anyhow. There will be people who can't do anything and people with mean and petty motives, blind spots, dishonesty, selfishness, all kinds of human impediments. You'll get rulings you just couldn't believe would happen in wartime. You won't have everything you need to do your job. You'll have a lot of other difficulties. You'll have forty troubles about which you could complain all day if you are a mind to. But you aren't going to do it for the reason that this is your war. I don't mean that it's your war in equal parts as it is the whole population's. I mean it's your war in the measure of your competence, and by that I mean it's a whole lot your war. We're going to be the least complaining and the most effective outfit in the United States. That's the overall policy. We've got a good place in the line and the job is to win as fast as the Lord will let us. If there are some people you think you just have to do something about—and I have that feeling quite strong at times—they will just have to wait their turn behind Hitler, the Jap and Mussolini.

At present and increasingly so in the immediate future we are going to be short of materials. We are not going to be able to give everyone everything he wants. We have had no practice in holding off customers for nearly twenty years. But I do not expect any real public reaction if we are frank and honest in telling people why they can't have what they want. I would like, however, to make one suggestion. I would rather we didn't say that we couldn't give service because of government orders or priorities. The real reason is that the materials are needed for munitions. If so, why not say so, rather than seem to

blame some one else, or if we have to blame someone let's blame Hitler and the Jap. It is with the pious hope that they get these materials where they will do them the most harm that we are giving them up. I'd prefer to take credit for that than seem to imply that there was blame and that I was trying to dodge it.

And, after all, the material we are going to do without is so very little. To you who have always lived in the Bell System the idea of losing most or all of the construction program may seem cataclysmic but it isn't for we are in a business of selling service and not materials. When a tire company gets no materials, it has no business at all. When we get no materials we still have as much business as we ever had before and the capacity to serve the vital needs of the country. What's happened to us is we just can't grow as usual–and as a matter of fact, we wouldn't be growing this way if it weren't for the war anyhow.

What will happen to us after the war? I am sure I don't know, but I am equally certain that it is nothing to worry about now. If the Bell System is a rigid system and hasn't flexibility and imagination at the top it may not be able to meet the inevitable changes and take advantage of them. But there is no reason why we shouldn't be flexible and alert. There is sure to be change. Some people take advantage of change, others don't, but I don't know why we shouldn't make the most of it as well as the next man. People are going to keep talking and one way or another we ought to be able to make it possible and pleasant for them to do so and profitable to us.

Speech to AT&T's Commercial and Traffic Conference
June 1942

Page, A. W. (1942, June 16). Service to Army Camps. Speech presented at AT&T's Commercial and Traffic Conference, New York, NY.

Summary

Page discusses the frustrations of those soldiers who waited in long lines to use the telephone at army camps during the war [World War II]. Research and strategies for changing attitudes and perceptions of the company are discussed.

The Bell System is encouraged to work on changing attitudes and opinions of those who wait in long lines to use the telephone at army camps. Although not much can be done about the service those in uniform are receiving, the perceptions of the company can change. Page suggests conducting more research on the use of the telephone in these camps as well as a publicity campaign that details the company's dedication to the comfort and well being of those serving in the war.

Key topics	Page Principles
Customer Service	**Listen to the customer**
Public Opinion – influencing public opinion	
Public Relations – managing expectations	
Research	

Summary

Commercial and Traffic Conference
New York, NY
June 16, 1942

SERVICE TO ARMY CAMPS

The last private I talked to told me that when he wanted to get leave he stood in line, when he wanted to report back he stood in line, when he wanted to get something to eat he stood in line—and, in fact, almost every time he wanted to do anything, he stood in line. And consequently he didn't seem to think it extraordinary that when he wanted to telephone—he stood in line. However, he did notice that he was not treated as well when he was soldiering when he wanted to telephone as he was at home, for there he was not accustomed to standing in line to telephone, even at pay stations. He was not particularly clear as to why he did not have plenty of telephone facilities in a camp and it had not occurred to him to compare the fact that we charged him a nickel and the Government charged him nothing for his mail. Even when I mentioned it, he seemed to figure that the free mail was not any great concession for a Government that was getting his services for $40 a month.

Nevertheless, he had no good things to say of the telephone service or telephone people and his memory of the telephone in the war, if remembered at all, would be that it was one of the minor inconveniences. He certainly would not rate us on the plus side of his war experiences.

About five million of them like this who are negative in their relation to us now may carry that point of view many years and might very easily be stirred up to be very positively against us.

In ordinary times, if we had this kind of problem, we would go to work systematically at it both as to the facilities and as to the state of mind. The kind of job we ordinarily do is quite thorough and reasonably slow. I don't know how thorough we can be on this job, but we can't be slow at all. In other words, we have to use methods to change boys' psychology toward us, which will operate quickly. We can't make the service very good, but we can make the psychology good if we set about it.

In the short run and in unusual circumstances–and this has both–the reaction of the public may be very much better than the service justifies–or it may be very much worse.

In the last war, the Y. M. C. A. did a very great deal for the soldiers overseas but they did not do it in the manner which the soldiers liked, and in consequence, while the soldiers used the services very extensively they seldom ever mentioned it except as "the damn Y." On the other hand there was a very, very small number of Salvation Army people in France who confined their activities to passing out doughnuts. I don't suppose one man in 100 in the A. E. F. ever saw the Salvation Army people or a doughnut, but the Salvation Army was known as the one perfect service that the Army got. The reason was that in the few places where they appeared they gave the impression of having no rules, no inhibitions and no interest except for the welfare and comfort of the boys—whereas the Y appeared to be full of its own difficulties as well as the soldiers.

Now, in our service to the camps we have taken care of the officers and the conduct of the war. I don't think we have given the impression to the boys that we are concerned about their state of mind as we should. I think the different camps are sufficiently different so that each one should be studied as to its environment troops in it and the telephone service it gets, and then as to what should be done. Now, when these studies are made presumably some things will appear to be useful to do at all camps, but there will be differences between the programs for the different camps and perhaps differences in the program in the same camp depending on what kind of soldiers are in it and from whence they come.

I have no specific solution to this, but I think that we might consider the following.

At the big camps it might be worth while to print a four-page folder which explained—for instance, let's take Camp Bragg, N. C., that Camp Bragg is bigger than any city but one in the State of North Carolina and that with the limitation of materials, man-power and time we could not put into Camp Bragg telephone equipment such as we had built up during 40 or 50 years in Raleigh, Wilmington or Charlotte, and for that reason

we could not give them the kind of service we gave people in these cities or we should like to give them at the camp.

The pamphlet might also contain information of use to them not connected with the telephone, because if we can't do our own job perfectly any incidental way of our own job perfectly any incidental way of our wishing them well might help.

We could also reach them through the camp papers, through news bulletins if they don't carry advertising—through advertising if they do. We might give lectures, demonstrations and movies for their amusement, which would also give us a background to talk in a wholesale manner to them about telephone service.

I think we can't look upon this camp business quite on a purely commercial basis. I think it is something like our overseas service. It is a general obligation we owe to a complete telephone service for the nation, even though it will no more make money than our total overseas operations make money.

I have suggested to the Public Relations Officers of the different companies that they take a particular interest in this problem and I am hoping that with their imagination and ingenuity applied first-hand to the problem we will find ways and means of having the psychology of the Army – private and non-com – on our side just as well as we now have the officers in the War Department.

Speech to the Institute of Life Insurance
December 1942

Page, A. W. (1942, December 2). Some Remarks on Public Relations. Speech presented at the Membership of the Institute of Life Insurance, Fourth Annual Meeting, New York, NY.

Summary

The responsibilities of public relations and the need to facilitate beneficial relationships between big business and the public are discussed.

Page offers insight into the delicate relationship between large, powerful entities and the public they serve. The public looks at the power of corporations just as critically as it looks at the power of government. Unless a business can clearly prove that it is operating in the public interest then it is subject to fear and suspicion. Influencing public opinion requires open communication and the ability for companies to "tell the public what its policies are, what it is doing, and what it hopes to do." If an organization has garnered public approval and confidence then it is most often left alone to govern itself and operate with relative freedom. Communicating with both internal and external publics is a vital part of business, but in the end it is what the organization does or what it has done that is more important than what it says. Public relations is responsible for establishing a good reputation for businesses.

Key topics	Page Principles
Reputation	**Prove it with action**
Corporate Responsibility	**Listen to the customer**
Employee Relations	**Conduct public relations as if the whole company depends on it**
Corporate Power – fear/suspicion of big businesses	**Remain calm, patient and good-humored**
Public Opinion – gaining public approval, influencing public opinion	
Internal Relations	

Some Remarks on Public Relations

A Message to the Membership of the Institute of Life Insurance
Fourth Annual Meeting
New York, NY
December 2, 1942

SOME REMARKS ON PUBLIC RELATIONS

The United States is a big country and big companies have grown up to serve its

needs. They are a natural result in a big country with a single currency, good transportation and communication and no trade barriers. The economies and efficiencies, which come with such a national market, have been achieved by industrial enterprises in large enough units to serve such a market.

In other words, the very fundamentals of our political structure seem adapted to the particular purpose of encouraging large-scale enterprise. This structure has, in fact, facilitated such enterprise, and the country has had the benefits.

Nevertheless, the public is not at any time altogether satisfied with big business, and from time to time is seriously dissatisfied with it. Sometimes it is dissatisfied with one aspect, sometimes with another. Sometimes the criticism is against individual companies, sometimes against large enterprise in general.

This is not surprising, for history is full of examples of organizations built up to serve mankind, and getting large enough and powerful enough to breed fear or envy in the individual. Through most of history, mankind has struggled to free itself from the too great power of government, and it has at times also feared the organization of business and of the church. It is just as natural for the public to look with a critical eye upon the power of business organizations as it "is to look critically at the power of government or any other agency that serves the individual.

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 service 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.

What, then, should be the relationship between a large business enterprise and the public in the United States today? What are the responsibilities of big business? How can it best serve the public? 'What are its functions in a nation such as the United States? There are probably almost as many answers to these questions as there are big corporations, for history and circumstance give each corporation particular responsibilities of adjustment to the public.

Back some twenty years ago, when I was editor of a current events magazine, one of the complaints against the big corporations was their secrecy. It was felt that they ought to give the public more information about their affairs. There was a good deal of discussion about enterprises "affected with the public interest," or "quasi-public" enterprises, and I think it fair to say that both the press and the public felt that the public should know about the affairs of large business. The argument that private business had the right to keep its affairs private was heard then, but it got so little support that it is much less heard now.

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. It is not an easy duty to perform, for people who make up the public are generally busy about their own affairs and are not particularly prone to take time off to hear about the telephone business or any other. On the other hand, I think it clear enough that the public would very much resent it if a business now took the attitude which many used to take, "We'll tell you nothing. It is none of your affair."

A Suggested Program

There are obviously a great number of ways of handling the problem. I am going to suggest one method, not because I think it is better than many others, but so as to have a concrete outline.

Under this program, I set up as a basis for discussion, we have:

1. A top management that has analyzed its overall relation to the public it serves and is constantly on watch for changes in the public desires.
2. A system for informing all employees concerning the general policies and practices of the company.
3. A system of giving contact employees the knowledge they need to be reasonable and polite, and the incentive of knowing that those qualities count in pay and promotion.
4. A system of getting employee and public questions and criticisms back up through the organization so that management may know what the public thinks of the business.
5. A frankness in telling the public about the company's operations; its practices and policies in the public interest by advertising in magazines, newspapers, or the radio, by official company statements, speeches, and many other ways.

I—Statement of Policy

The first thing in this program is to have the management of the business write out a statement of policy. This is equivalent to saying to the public: "We should like to serve you and we offer you the following contract which we think would be fair to all concerned and mutually profitable."

The statements of policy, made publicly and reiterated, are hostages for performance. They are also assurance to all employees of the purpose of the management. Thus, they are important in helping to create and maintain a unity of purpose and understanding within the organization. The effort to state a matter sometimes even helps clarify the thinking on the subject.

No one can write out such a document without thinking over the company's responsibilities to the public, as a purveyor of goods or services, as an employer, as a taxpayer, perhaps as a trustee of the public's investments, etc. It might occur, also, that a document of this kind, which the management would be proud to sign, when literally applied to the business, might not fit in all particulars. This immediately brings up the question whether the business or the policy was 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 the business, to see whether the business has public approbation and whether it ought to have it—to see itself as nearly as is possible as the public sees it.

II—Informing Employees of Policy

So much for the policy side of the public relations program I want to present to you. There is another side. Most of the day-by-day relations of business with the public are not conducted by management but by the other employees. Sales girls, salesmen, receptionists, repairmen, telephone operators—these are the people who largely represent business to the public. A company may have the best overall public policy in the world in the minds of management, but if the spirit of it is not translated into acts by those who represent the company in contact with the public, it will be largely discounted.

III —Employee Attitudes

To make any policy effective, it would seem to me that the contact employees must be given an understanding of it so that 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 that it is a rule of the company and nothing more—well, that seems pretty arbitrary. And yet, if the employee does not know the reason for the rule, he can't explain it. Generally speaking, I am sure that public relations are improved pretty much in proportion as the employees in contact with the public understand the reasons behind company policy and practices. And, likewise, the process of getting an understanding of these things is likely to develop better personnel.

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.

Character is an asset of a business. Reputation affects the customers, the stockholders, and the employees. The people who make up the Bell System are citizens of the United States with standing in their various communities. They have children and friends like other people, and their reputations mean something to them. They have, therefore, every reason for deep-seated personal resentment when anyone sets out to attack their characters.

IV—Public Attitudes Transmitted Through Employees

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 from the public through the employees. And these will be most useful strategies to tell which way the wind of public opinion is likely to blow.

V—Informing the Public

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.

This means a frankness in telling the public about the company's operations. Much of this will be done by the contact employees, but much of it must be done in other ways—by advertising in newspapers, magazines, on the radio, by official company statements, speeches and many other ways. I shall not discuss the techniques of advertising and publicity except to state that their function in public relations is to tell the public as much as it will listen to of the policies and practices of the company which make up the contract under which it wishes to serve the public.

The Bell System endeavors to tell the public about its affairs in a number of different ways.

The most important method is the issuance of statements from time to time by the officers of the different companies.

Any one who has read the last fifteen annual reports and the fifteen or twenty other public statements of the President of the American Telephone and Telegraph Company would have a very clear picture of the policies, objectives and accomplishments of the Bell System as a whole. The presidents of each operating company have made similar statements for their particular areas.

Next to these statements, perhaps the most important method of "telling the public" is advertising. In proportion to the size of its operations the Bell System has never been a large advertiser, but it has been at it a long time. Operating companies in the Bell System began newspaper advertising about the same time that they began to give service. The American Telephone and Telegraph Company began advertising for the Bell System in magazines of national circulation in 1908.

The general theme has been to ask for public approval and patronage on the basis that the business is run economically, efficiently and in the public interest. The theory is that the more the public knows about the conduct of the business, the more the public will understand it and use its services.

A similar national advertising program on the radio was begun April 29, 1940.

During the year 1940, various Bell System people, from local managers to company presidents (and the list includes a few people who do nothing but lecture), gave some 7,000 lectures or demonstrations before clubs, associations and various other groups including schools—all by request. There are more requests than the companies can take care of. Some of these talks are accompanied by movies of Bell System subjects, and there are many movie shows without talks.

Air these methods of telling the public about the conduct of business and asking for public approval and patronage cost something less than one cent for every dollar of income in conducting the business. It seems to me that the duty of informing the public and the value to the company and the public of such information would justify a far larger expenditure if that happened to be necessary to do the job. The adjustment of big

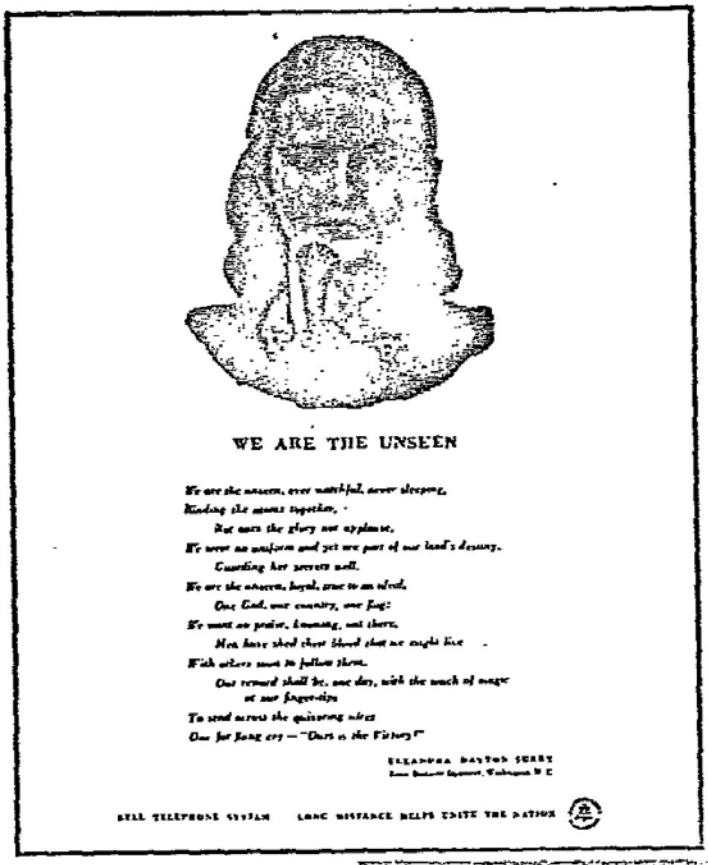
business to the public is of as much importance to the public as it is to business, and it cannot be done without frankness and understanding.

Although the process of "telling the public" is a very inexpensive part of the business, it is an important one. Perhaps it would be wiser to spend more and perhaps less. Here again, there is no mathematical formula that will give the answer. Like most matters of management, experience and observation have to be mixed with whatever help can be had from figures and decisions made based on judgment.

(The character of the Telephone Company's advertising has naturally changed since the war. Today a vital part of our policy is to run the Bell System so that it does its maximum service in winning the war.

Over the telephone wires go the signals of all other teams that are getting things done, and the way must be cleared for these vital messages. Consequently we are asking public support and cooperation in advertisements such as the following:)

> We are the Unseen
> He's Firing Telephone Wire at a Zero

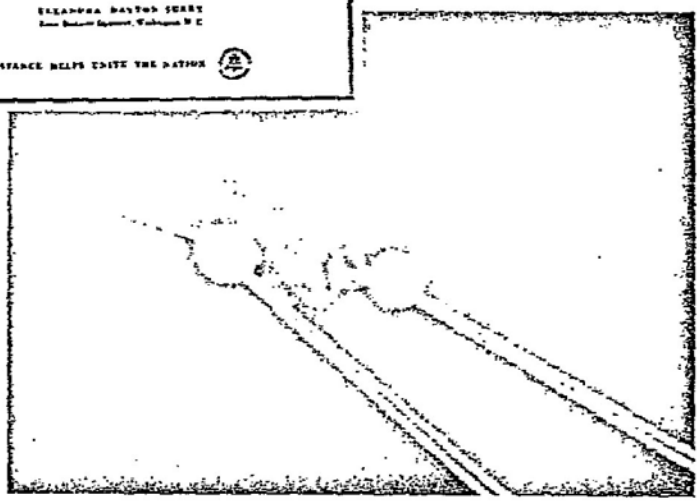


WE ARE THE UNSEEN

We are the unseen, ever watchful, never sleeping,
Binding the nations together,
But ours the glory not applause,
We wear no uniform and yet we part of our land's destiny.
Guarding her secrets well.
We are the unseen, loyal, true to an ideal,
One God, one country, one flag:
We must go praise, knowing, not there,
Men have died there blood that we might live
With others must to follow them.
Our reward shall be, one day, with the touch of magic
of our finger-tips
To send across the quivering wires
One far long cry — "Ours is the Victory!"

ELEANORA DAYTON SURRY

BELL TELEPHONE SYSTEM — LONG DISTANCE HELPS UNITE THE NATION



He's firing telephone wire at a Zero!

This fighter plane, with its six wing guns spitting fire, uses up enough copper every minute to make several miles of telephone line.

That's the right use for copper now — and it's the reason why we can't continue to expand our facilities to take care of the expanding Long Distance telephone traffic.

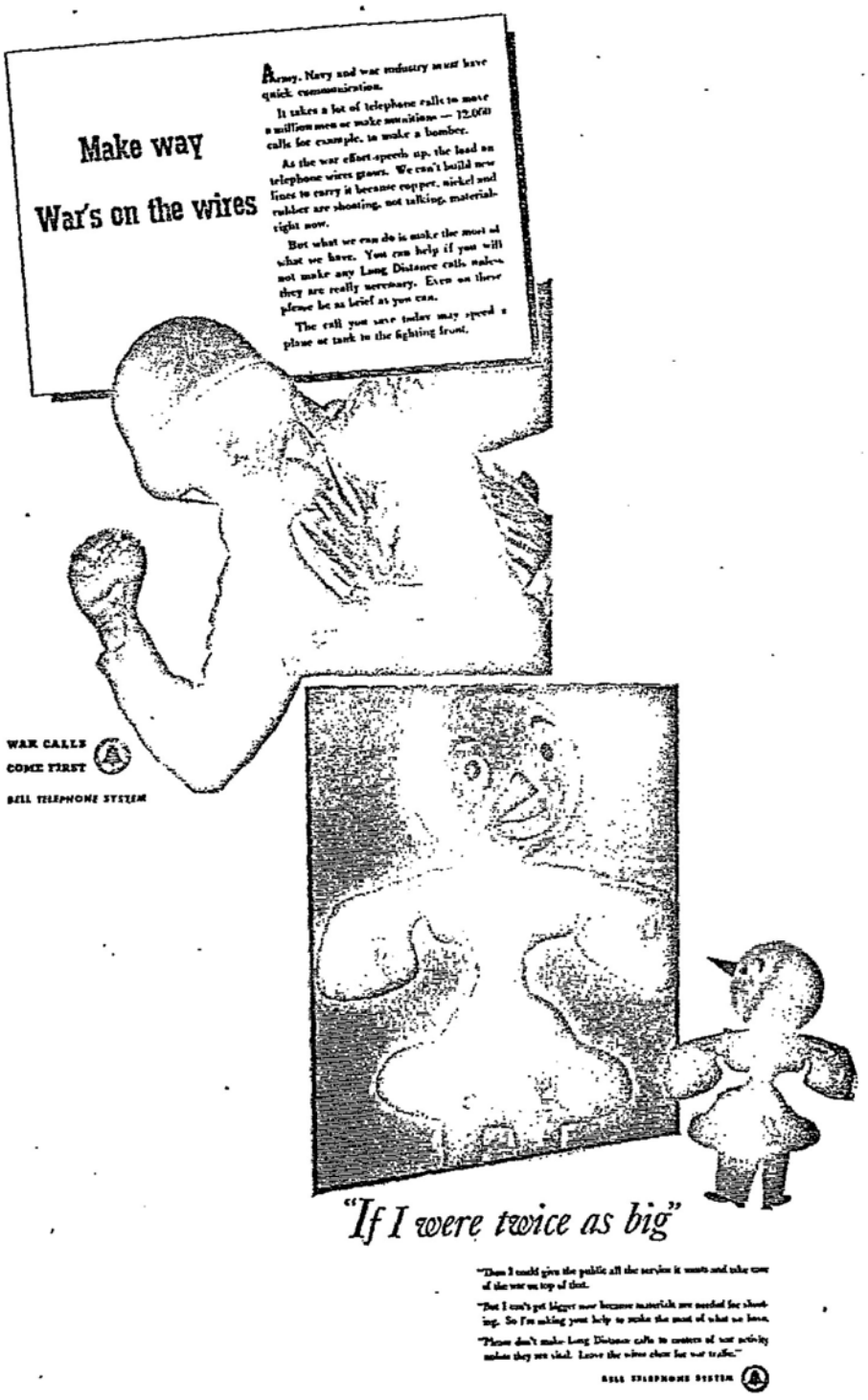
Right now, our lines are flooded with Long Distance calls. Most of them have to do with the war — they must have the right of way.

Will you help us keep the wires clear for war calls — industrial calls that speed a plane down the assembly line — military calls that send it into the air against the enemy?

You can do it by keeping your own calls as few and as brief as possible. And you'll be bringing Victory that much nearer.

Bell Telephone System

Make way, War's on the Wires
If I were twice as Big



Publicity is an important part of public relations, but in business as in most human affairs, what you do is more important than what you say. It is always possible to make a good statement on a good set of facts, but no more in business than in politics can you fool all the people all the time, and if you expect to stay in business long, an attempt to fool even some of the people some of the time will end in disaster.

The final set-up of the program, then, is a management alive to its public responsibility, an informed, reasonable and polite personnel, and procedures for informing the public—in other words, an organization made up of many people which, wherever it touches the public, acts like a wise and considerate individual.

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. 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 in which everybody participates 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.

In this discussion, I am assuming that public relations are designed to give a business a good reputation with the public, establish it in the public mind as an institution of character and an institution which functions in the public interest. I am not including a discussion of publicity, advertising, or other activities that have a purely sales purpose.

Anybody who does business with the public is in a public business and subject to regulation by the public in many ways—by a great variety of laws, from those to do with incorporation or partnerships to fair trade practices and blue sky legislation; by various forms of public supervision; 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. The task which business has, and which it has always had, of fitting itself to the pattern of public desires has lately come to be called public relations.

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.

Management and Public Relations

The second part of the program I suggest is that, a policy having been established, some machinery be set up to see that two things happen—(1) that the business does not deviate from the policy by inattention or neglect, and (2) that the details of the policy be changed to fit the changing public desires. The machinery to do this is ordinarily called the Public Relations Department.

A company can, of course, work out a policy and set up machinery to keep it revised without a public relations department as such. But keeping attuned to the public wishes may be so vitally important that it seems but a matter of insurance to detail some one to spend all his time on that job. As knowing the public is not an exact science, the gentlemen detailed to the job cannot answer questions with the precision of an engineer, or even within the latitude taken by legal counsel. But by constant attention, study and experience, he can learn some things and he can see that the problems concerning the public get the attention they deserve from the rest of the management.

However, to do this effectively he will have to be a part of the policy-making councils, for it is of the essence of the daily conduct of affairs. It cannot be an isolated function. Even though a company has set up a positive program and has a realistic philosophy about its relations with the public, it must still be prepared to meet new aspects of public opinion, which arise at any minute. It may be questioned by one group for having too much debt, and another for not having enough; by one group for having too many college graduates, and another for not having enough; at one time in our history, the public would have censured a company for building ahead in a depression, at another for not doing so; sometimes there is criticism for lack of salesmanship, and sometimes of overselling. In other words, the public is a somewhat whimsical master. To keep in tune with it means eternal vigilance in watching its moods.

Why Public Relations

The job of business is to guess what practices the public is really going to want to change, and change them before the public gets around to the trial for treason.

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.

It is, therefore, to the interests of both, that there be established a state of confidence concerning the relations between big business and the public. Can there be established such a state of confidence? How effective can our public relations be? I have a belief that they 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 relations of large corporations with the public in which the phrase occurs—"Oh, well, they are attacking this corporation and that, or that 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. The political test comes down to this. If the reputation of big business is good enough with the public, no one representing the public—whether in press, politics, or any other capacity—will be hostile to it. Because of the ordinary human suspicions 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 until business, by and large, has put the same thought and effort on the subject that it has put on research, production, and selling.

Pamphlet written by Page that discusses the Bell System's future
July 1943

Page, A. W. (1943, July). Bell System Prospects. [Pamphlet].

Summary

Page discusses the impact material shortages caused by World War II has had on the company. He talks about increasing the value of service to the public, having good wages and working conditions for employees, and giving dividends to the stockholders during the post-war period. He compares the company's performance in 1929, just before the depression set in, to 1942 and gives details on how the company's performance increased during this 13-year period. He talks about how AT&T plans to conduct business with employees, stockholders, and the public in the future.

Key topics	Page Principles
Internal Relations – investor relations	**Realize a company's true character is expressed by its people**
Research	

Bell System Prospects

Pamphlet
July 1943

BELL SYSTEM PROSPECTS

The country is at war and the Bell System is doing its part. Because of material shortages, there is much work that the System would ordinarily be doing which will have to be deferred until the close of hostilities; such as continuation of the dial conversion program, furnishing service to all civilians who request it, replacing plant with new and better equipment, etc.

What does this mean?

The first big item in the picture is that if the country fills the void in consumers' goods caused by the war, the Bell System will probably need from one billion to one billion and a half dollars of capital after the war for work in sight now.

Can such a program be carried out?

It can if the investing public thinks the Bell System is a good prospect and they are willing to put up the money, if management has the plans ready, and if employees are teamed together to carry out the plans as soon as the money is available. There is no reason why the employees and management should not be ready. As to new money, that depends on the success of our business. To be successful our business must pay good

wages, must give good service to the public and must have adequate earnings to pay dividends to stockholders.

What has been done in the past?

In 1929, just before the depression set in, 344,000 Bell System employees (including large construction forces) got $520 million dollars in salaries and wages. In 1942, when there were fewer construction workers, 324,000 got $635 million dollars—and the basic workweek was from four to eight hours shorter.

Better plant and equipment, better tools and methods have made it possible for competent men and women to do more and better work, which in turn has made it possible to have the Bell System level of wages equal the best in the community for comparable work. In the long run, higher wages can come only from performance. There is nowhere else for them to come from. In order to meet a standard of rising wages, increasing production is essential. Perhaps a good way to picture this performance in the past is to compare certain overall measurements since 1929.

1929 Compared With 1942

It so happens that the number of operating people (omitting an estimated number engaged in construction work) was about the same in 1942 as in 1929, in round numbers 300,000.

At the end of 1929 there were 51.0 telephones for each employee. By 1942 there were 65.9. That is an increase of 29.2%. In 1929 there were 230.4 miles of wire per employee; in 1942, 321.6. This is an increase of 39.6%.

In 1929 there were 224.3 conversations a day per employee. In 1942 there were 296.6. That is an increase of 32.2%.

In other words, in 13 years the apparatus, methods, training and experience improved so that about the same number of people could care for and handle 29% more telephones, 40 % more wire and 32 % more calls.

Nor is that all of the story, for everyone in the business knows that the basic work week of 1942 was from four to eight hours shorter than the work week of 1929.

How did our customers fare?

The public up to the war when materials became scarce got a constantly improving service, faster connections, fewer errors, fewer telephones out of order, much faster toll service, better transmission on both toll and local calls. Moreover, in most communities they could reach a larger number of telephones at the same or a lesser exchange rate. And the toll rates have been reduced very greatly. In the period from 1930 to 1940, the cumulative savings to the public on its telephone bill as a result of Bell System rate reductions amounted to well over $300,000,000.

And what about the stockholder?

All during the period 1929-1942 the stockholder got $9 per share every year on his American Telephone and Telegraph stock, or about 6.5 % on the book value of his stock. Some years it was more than earned and some years it was not entirely earned. In summary, the employee now makes more money for less hours of work, the public gets more for its money than it used to, and the stockholder gets a fair return.

Well, why isn't that a good system to continue—to raise wages, improve and lower the cost of service, and the company continue to show satisfactory earnings?

It is, and that is the program the management of the Bell System has in mind.

The Program Is Not Self-Working

However, it isn't automatic. It is not a self-working program. In the first place, the Laboratories, the engineers or someone in the management as a continuing process has got to design new equipment and develop improved operating practices that will enable competent men and women to get more work done in less time and provide better service at less cost.
In the next place, the stockholders who own the business must find the money for it to make or buy the new equipment after it is designed.

Then, the management must reorganize the work to use the new equipment to best advantage, and then the employees must learn to operate it. And then, sometimes the public has to become accustomed to its merits as was the case with the dial system.

Now, if all goes well and everything works as planned, the answer comes out that employees have more money, the public pays less for its calls or gets more for its money, and the stockholders get a fair return on the money they contributed.

Now, let's examine the process step-by-step and see where difficulties may arise. The first question is, how do you guarantee that there will be new developments? In the earlier history of industry people seemed to trust that management would just think of something out of its experience, or that some employee would, or that someone outside the business would think of something and that the business would buy it.

For many years that worked, but it worked spasmodically—you couldn't be sure of it. Steamboats, locomotives, automobiles, the telephone itself—all these things came into being that way. They all helped raise the standard of wages, they all helped the public get more for their money. They all paid dividends to stockholders.

Organizing Progress

But there were spells of little progress. To insure progress, as far as that can be done, many large enterprises organized a new element to make the chances for new equipment or new processes much better. That new element is the research laboratory. The Bell System, which has always had an engineering department and a development laboratory, was one of the first organizations to take this step and it started a research department in its laboratory unit in 1911.

We cannot promise just what our Bell Laboratories will develop in the future, but our experience in the last thirty years is pretty good evidence that it will keep a flow of improvements coming. The Laboratories takes a long time view of our business,

improving and redesigning to keep ever up-to-date and to take advantage of every scientific advance. Its personnel is a highly organized team that has the know-how of working things out.

In addition, the Bell System is always on the lookout for any improvements, which may come from the ingenuity of outsiders or from members of its own operating personnel outside its laboratories. Any new ideas that are brought to the Laboratories' attention are handled by engineers experienced in developing equipment to meet future needs of the Bell System.

The prospect, therefore, looks pretty favorable. Although one cannot say that it is a certainty and that some one might not conceivably invent something which would hurt our business, we can feel as sure as one ever can about the future that our business of communication services is fundamental to human needs, that our laboratories are alert and experienced, and that the advances which they have been making in their war effort will have valuable peacetime applications.

On the whole, therefore, the picture looks good; but every man in the Bell System who looks forward to the future has a good solid reason for a keen interest in Bell Telephone Laboratories. What it achieves has plenty to do with his paycheck five years hence. And the Laboratories is equally important both to the public and to the stockholder.

New Money from Stockholders Needed

Now, the next step is to get the stockholder to put up the money with which to buy and put in the new developments which are produced. The stockholders have been doing that for more than fifty years and perhaps it's reasonable to expect that they will continue to do so. But it is worth while pointing out that they have been getting dividends all these years too and that is what has encouraged them to keep on putting money in the business.

And, of course, they all haven't always agreed to put in new money when needed. Some haven't it. Some have other reasons for not investing and some sell out. You can tell pretty much what the stockholders have thought by looking at the average market price of A. T. and T. stock over a long period of years.

Whenever the market price of A. T. and T. stock indicates that the investing community feels that the current and prospective earnings of the business are satisfactory, you can issue more stock and raise money to pay for new improvements. When the market price reflects doubts as to the future of the business, it is difficult or impossible to issue more stock. The market may feel this way because it is scared by general business conditions, by regulation, by labor controversies, or because investors think the management is inefficient, or for forty other reasons. But whatever the reason there is a certainty that when the flow of stockholders' money dries up, the day of increasing wages and reducing rates is pretty close to a dry spell too, for you can't grow much without new capital, neither can you grow safely by continuously increasing the mortgage on the property.

The state of mind of the stockholder and the judgment of the market is something for all who work in the Bell System from management to office boy to watch with care.

Good Management Is Essential

Then you get to the management. Do the investors trust its capacity? Does it see that it gets improvements from the Laboratories and from other sources? Is its judgment on what to improve good and are its operations skillful? Can it train people to use equipment effectively so that there will be the more work done easier which ultimately produces the more wages and the greater values for the public?

No one knows for certain exactly how good management is, for you can't measure it except by judgment. Nor can anyone insure that the constant change of personnel will continue to produce good management. But the Bell System has a policy, which tends to insure good management as near as may be. It has a practice of keeping records by districts, divisions, areas and companies, of all manner of service criteria. This means a comparison of performance, one with another, a competitive test of merit by which men can be tested for increasing management responsibilities. This means that its management is selected on a competitive basis from the ablest men who grow up in the business so that they know intimately the problems it has to face. All of the operating heads in the System are graduates of the school of telephone experience. And again, good management, like good credit with the stockholders, is one of the essentials to achieving a continuous record of paying good wages and increasing the value of the service to the public. And now we come to the satisfaction of the public.

The Public Must Be Pleased

The program of constant improvement of facilities so that employees can accomplish more in a given time and get higher pay while giving the public more for its money, is certainly in the public interest. On the face of it, the public ought to be satisfied. Generally, it has been. But the public may at any time through its spokesmen, the commissions, decide to try for even lower charges for the service it gets. It may think that dividends are too high or wages too high and want to cut rates accordingly, just as the employees might figure that they wanted more at the expense of the stockholders and the public. Of the three, the public is by far the most powerful. If the public really gets mad at a business it can cut the income so that the whole program collapses. That may not be in the public interest in the long run, but none the less it has happened in the history of American business.

There is one thing that stockholders in particular are concerned with, namely the maintenance of good public relations. It is a thing that all employees ought in their own interest to watch. And it is a thing that is largely in the hands of the employees, for the relations of the Bell System with the public are through its commercial offices, its operators, installers, linemen—in fact, the entire personnel. If the public likes them and likes what they do and how they do it, the public relations of the Bell System will be good.

Results So Far

With this picture in mind, let's look again at the results of the last 13 years a little in detail, and then look at the prospects for employment, wages, service to the public and return to the stockholder, which the post-war period holds out.

In 1942, some 20,000 less people got $115 million dollars more in pay from the Bell System than in 1929. The hours were shorter and conditions of work better.

Even in the war the American public had in 1942 the best and most adequate service in the world and it provided one of the elements of national speed, which has greatly helped this nation to get its production for war where it is. The plant of the Bell System and the know-how and effectiveness of its employees are a vital national asset. Also the public has been saved hundreds of millions of dollars during the 13-year period.

The A. T. and T. stockholders as a group, although they have received $9 per share per year in dividends, were not quite as well off at the end of the period as they were at the beginning since the book value of their stock was $142 at the beginning of 1929 and $134 at the end of 1942. During this period these stockholders had put up $724, - 751,000 of new money; and due to the larger number of shares of stock, the total dividends in 1942 were $168, - 181,000 while in 1929 they were $116,379,000, or an increase of $51,802,000. This new money helped to buy the new equipment, which has enabled the employees to accomplish so much more work.

Bell System Policies

Mr. Gifford stated the policies of the Bell System soon after he became president, as follows:

> ". . . . The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies—imposes on the management 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. Obviously the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.
> "It follows that there is not only no incentive but it would be contrary to sound policy for the management to earn speculative or, large profits for distribution as 'melons' or extra dividends. On the other hand, payments to stockholders limited to reasonable regular dividends with their right, as the business requires new money from time to time, to make further investments on favorable terms, are to the interest of both of the telephone users and of the stockholders.
> "Earnings must be sufficient to assure the best possible telephone service at all times and to assure the continued financial integrity of the business. Earnings that are less than adequate must result in telephone service that is something less than the best possible. Earnings in excess of these requirements must either be spent for the enlargement and improvement of the service furnished or the rates charged for the service must be reduced. This is fundamental in the policy of the management. . . .
>
> "While the Bell System seeks to furnish the public the best possible service at the least cost, the policy which recognizes this obligation to the public recognizes equally its responsibilities to its employees. It is and has been the aim to pay salaries and wages in all respects adequate and just and to make sure that individual merit is discovered and recognized. . . .

> "Undoubtedly a very great factor in the continued progress and improvement of telephone service is the intangible but quite real spirit of service that has become a tradition in the telephone business. . . . It is fundamental in our plan of organization to have at headquarters and in our laboratories several thousand people whose sole job it is to work for improvement. They are engaged in studying what is used in the telephone business and how it is used and endeavor to find a better thing or a better way. Of course, the people who are engaged day by day in trying to maintain a high standard of telephone service are doing their part, and a most important part, in increasing the quality and keeping down the cost of service, but progress is assured by having a large group of scientists and experts devoted exclusively to seeking ways and means of making the service better and cheaper. . . .

These policies have been followed with good results for the public, the employees and the owners, and these policies are still the policies of the Bell System.

The Prospect Ahead

Now we are in a war and wages probably have gone up faster than the improvements in plant and economies in operation but in keeping with other wages. Still neither the stockholder nor the public has fared badly. The abnormal volume of business since we entered the war has kept the net earnings per share of A. T. and T. stock about equal to the dividends paid, and the public has had more service although not quite such good service as usual, and at rates which have stayed stationary or gone down during a period when the prices of most other things have gone up.

On the assumption that both wages and prices will be more or less stabilized by the Government from now to the end of the war and that the amount of new and improved service to the public will be limited by material shortages, what are the prospects of the business in the post-war period and what are the prospects of employees, stockholders and the public?
As stated in the beginning, the Bell System will probably need a billion and a half dollars of money for work in sight after the war.

This work is largely putting in those improvements, which are the basis of good prospects for all three parties. Such a program will provide work, wages, dividends and increased service to the public.

Can it be carried out?

It can if the investing public thinks the Bell System is a good prospect and is willing to put up the money. Everything else should be ready.

Nothing is certain in a changing world, but so far as matters in the control of Bell System management and employees are concerned, the System ought to be able to get the needed money to put the billion and a half dollar program into operation when the war is done.

And that ought to insure another period of increasing value of service to the public, good wages and working conditions for employees, and continued dividends to the stockholders.

Speech to the Association of Life Insurance Presidents
December 1943

Page, A. W. (1943, December 2). Looking Forward in Public Relations. Speech presented at the Association of Life Insurance Presidents, Annual Meeting.

Summary

Page talks to life insurance presidents about the pitfalls of government regulations and the impact it can have on industry. Government regulations do not ensure a successful business.

To diffuse public skepticism of big business, companies should monitor public opinion and place more emphasis on providing the public with as much information about what it is doing as possible. By instilling employees with faith, confidence and pride in their profession, employees are more likely to improve the organization and talk positively about it. More specifically Page indicates, "If everyone in the life insurance business knows what it is about and really believes in it and knows how to tell other people about it and wants to tell them, it would seem to me that the public could hardly escape being informed on the subject."

Key topics	Page Principles
Regulation – Industry/Government	**Manage for tomorrow**
Public Opinion	**Realize a company's true character is expressed by its people**

Looking Forward in Public Relations

Annual Meeting of the Association of Life Insurance Presidents
December 2, 1943

LOOKING FORWARD IN PUBLIC RELATIONS

The life insurance business has a long perfected and generally accepted article to sell. Its practices in investment are so well established by law and experience that there has been no failure or even serious difficulty among the larger companies in resent times. Life insurance provided the only investment field I can think of that did not lose money for the public in the depression. The almost infinitesimal losses dug up by the T.N.E.C. constitute barely enough exception to prove this statement. Life insurance has not turned to making uniforms or shells in the war and it will not have to reconvert for peace. Its business by common consent should and does continue in war and in peace.

To an outsider like me, life insurance would seem to be in an almost perfect state.

However, I know it does not flourish in a vacuum. It lives and has its being in a democracy and like all other business it lives only by the approval of the public it serves.

Now that public has the habit of changing its mind quite rapidly and erratically—you might say whimsically—so that keeping in step with its desires and holding its approval is quite a feat.

The public which took insurance companies into its service by granting charters later set up machinery for expressing approval or disapproval in the form of state insurance departments for regulation. Regulation is not such a very old governmental device. Regulatory bodies are servants of the same public that insurance companies are. A good deal of study and investigation have been devoted to the regulated industries, but not a great deal has been devoted to the processes and practices of regulation. It is interesting to speculate upon how closely these public servants, which affect regulated industries so intimately, serve the public welfare. It would seem that state regulation of life insurance was one of the outstanding successes. Under its jurisdiction the companies have developed a tremendous service to the public providing insurance for some sixty million people and providing financing for all manner of enterprise from developing a farm to winning the war. It has been successful regulation by the simple standard that the business under its jurisdiction has had freedom enough to be successful itself and therefore successfully serve the public. The state regulation of the telephone business has been likewise. But all regulation has not met this test. Our banking system is the most thoroughly examined and regulated industry we have and yet many banks closed in the late depression.

Under federal regulation our railroads have not prospered. I do not mean to imply by that statement that the regulation prevented their prospering, but merely to point out that regulation does not bring with it assurance of successful business providing maximum public service. In the power field there has recently been drastic federal regulation. The test of that will be whether the power industry increases its services and lowers its rates to the public as fast in the future as it has in the past. Most discussions of regulation by regulators have been devoted to ways and means of preventing any errors whatever by the companies under their jurisdiction, rather than ways and means of insuring the maximum successful service to the public.

The familiar phrase “no hits, no runs, no errors” may mean a perfect record, but in industry it means no jobs, no service, no progress. It is a council of perfection that never built up a country. A centralized uniform slide rule method won’t successfully take the place of judgment in regulation or industry and to get enough judgment to go round there is much to be said for decentralization. With decentralized regulation a business is regulated by the average of many minds. In centralized regulation a whole industry might be wrecked if it so happened that as many as four unwise men should be on one commission at any one time.

Anyway, the regulatory method of expressing the public will is an interesting subject of study and speculation, for the public can change its mind about regulatory bodies just as fast as it can about regulated industries, and this in turn will affect the industries.

Regulation, however, is not the only means the public has of expressing its ideas about a business. It can set up competition or pass any kind of law it pleases to encourage, discourage, subsidize or abolish any enterprise.

The real hazard of most service businesses such as life insurance is not that they can't perform the service well by past standards, but that they do not satisfy the public in the way they do it. The public's dissatisfaction may arise from ignorance of its own interests. It may insist on reforms damaging to itself. As a matter of fact, all change is not improvement. The fact that to "re-form," a thing is usually taken to mean to improve it, is perhaps as much an indication of optimism as of judgment. The public may ask for things which don't make sense. But the public does not have to make sense. Whether it is wise or foolish it is still the boss.

However, if it has the facts on which to judge, the public is generally pretty wise in the long run, and in any case business will be wise to go along with the public–in the long run. If the public won't go our way, we'll have to go theirs.

Accordingly it would seem that the wise thing for industry to do is to give the public the facts not on the basis of getting religion when we begin to feel public displeasure, but every day and all the time from now on.

There is nothing new about this suggestion. I suppose everyone in this room has made it at some time or another and that every company is telling the public about its business. The question is whether industry in general and life insurance in particular is satisfied with the results on the public mind of the telling of the facts which we have been doing. Even if we have told the public everything it ought to know and even if we can prove that any bad results from here on are the public's fault entirely, the bad results may be unpleasant to us. I have not a sufficiently intimate knowledge of life insurance to know what the industry does in detail. But from my vantage point of ignorance I am going to urge more emphasis on information to the public because I do not believe any industry in the United States is in danger of doing too much.

Years ago I was at a Harvard-Yale football game. Prior to that day we hadn't won a game from Yale in a coon's age. But that was a Crimson day and when the first half was over we had some thirty points rolled up. A stout, ruddy, and well-fortified gentleman got up in one of the bottom rows, faced the stadium and solemnly remarked: "Gentlemen, I don't want to be a hog, but I can't get too much of this."

From that platform I'd like to suggest that we do more than we do and do a lot of it the hard way. The easy way is through the printed word. The hard way is by the original walkie-talkie. That is the company employee.

The insurance business has as direct employees hundreds of thousands of people and as agents some hundreds of thousands more. They are a fair section of the public to begin with. They are scattered in every part of the United States and in every walk of life. Somebody in the insurance business knows everyone in the United States. Now if everyone in the insurance business knows what his business is about and really believes in it and knows what to tell other people about it and wants to tell them, it would seem to me that the public could hardly escape being informed on this subject.

But you will notice that there is a large "if" in that sentence. How are we going to get all the people in the insurance business into a condition where they are effective walking-talking expositors? We get them that way by the age-old processes of preaching and teaching. Preaching and teaching are the dynamic parts of management. It's a tough

job to create the energy to put ideas through a mass of human beings, not all of who are good conductors of ideas, to keep preaching and teaching until the stream flows freely. And the stream fails as soon as the springs that feed it run dry. The preaching and teaching have to be persistent, imaginative and perpetual. If they worked 100% everyone in the United States would have at least heard a convincing story of insurance. If they work 50%, enough will have heard it to provide all the reasonable political insurance that life insurance needs.

And the easy side of telling the public by the printed word takes on new effectiveness when the hard way is in effect. The steamfitter believes his nextdoor neighbor who is in the insurance business and who talks to him in his own language and from his own point of view in life, more than he does an advertisement. But if they both agree, they supplement each other and keep the idea alive. I am not now talking about selling policies. I am talking about making understanding friends for the business, for I think we need friends at least as much as we do business—and I think we have worked a whole lot harder to get business than we have to get friends.

Now, if the teaching and preaching to employees and agents are done often enough and to small enough groups to make it effective it costs money and effort. It is a hard administrative job. The question is, is it worth the price? The price in money is dependent on how much brains are mixed with the money. The results in the long run will depend on how consistently the top-side of the business keeps its intentions strong. If the top-side wants it done and will reward the doers the good teachers and preachers will appear and they will find the methods of doing the job. Moreover, if this channel of thought works going out from the center freely and well it ought to bring back from the grass roots and street comers a lot of information. It ought to give management a fair picture of public trends, of what the public thinks about the life insurance business, and why.

There may be an apparent objection to having the people engaged in every business trying to tell everyone else about it. That might seem to be a cruel and unusual punishment for the public. I don't believe it would be either. Certainly it would not be unusual for everyone talks shop now. The difference would be that the shop talk would be more informed, on a higher plane, and more apt to produce confidence in the mind of the average citizen concerning what goes on in business, than the uninformed shop talk he hears now.

If the average citizen doesn't have much idea what goes on in the ivory towers of business, it is human nature to suspect that they are inhabited by stuffed shirts and brass hats chiefly engaged in drawing high pay, or even making profits on the side. If the brass hats take time to convince everyone in their employ personally that they are human and competent and that what they do is important, no one else will have to do it. The only way to get the picture of responsibility of management and the fundamentals of a business reasonably understood by employees is to organize to do it.

The employees and agents are walkie-talkies all the time and they talk about the business they are in. If they know a lot about it and believe in it, they talk one way. If they know little and have little faith, they talk another way. If they don't know much about the management and its policies, they think one way. If they do know about the management and its policies they think another. What the employee and agent think and

know and say are the bases of what the public thinks and knows about the business, for to 99% of the public they are the medium that depicts the insurance company. In a sense they are the company—if they think they are. But often they are not the company, for their neighbors can and often do think well of them and ill of the company that employs them.

The direct route to the public is through our own people. If our story is good they will have faith in it, if they know it. If it isn't, they will tell us if we encourage them to do so. If it is good and they have faith in it, they will get it to the public and the public will believe them and us. But it will take a powerful lot of teaching and preaching and a long time to make such a program work.

I think, however, this is the kind of eternal vigilance and hard work that will preserve our liberty to render an increasingly successful service to the public.

For the immediate present it seems that no one can be in style unless he appears with a post-war plan in his hand. Some post-war plans are based upon an expectation of mass unemployment and general distress. To these planners there is no opportunity except a rescue job in a calamity, and no agency but the federal government capable of meeting the emergency. Others assume that business must find a way to guarantee full employment. And these folk have a hard time with the last paragraph of their plan, for no one has yet figured out how business can guarantee everyone a job–not to mention everyone a job of the exact kind at the place desired.

But it seems to me that the life insurance business has a pretty good post-war plan already made for it. It has been successfully busy before the war, during the war and it has every indication of being busy after the war. In being busy it provides the security for dependents, which is the function it is chiefly associated with in most people's minds.

But it does two other things, which are particularly important for a vigorous and growing society. The security that insurance provides for dependents increases the courage for taking risks, and the enterprise of producers. A man can bet on himself with more abandon if there is a backlog of security for his family. And men betting on themselves and working to make the bet good is what makes a country and a rising standard of living.

And life insurance helps in another way. In wartime it collects vast funds of savings that go to finance war. In peacetime those savings go to finance work. If the average worker on the farm and in the factory uses $15,000 worth of investment in land, or plant, or tools, the annual investment of life insurance will provide a lot of jobs and opportunity.

To provide security, add to men's confidence and finance jobs isn't a bad post-war plan.

If everyone realized that life insurance provided these services to their nation and felt that the services were well done, the public ought to have so friendly an attitude toward the business that it would have ample freedom to do its tasks well.

There isn't any reason why the public shouldn't know these things if the business will take the trouble to tell them. But I doubt if the telling can be done effectively except by making the maximum use of everyone in the business. That means creating in them a faith, a confidence and pride in their profession, constantly renewing it and providing them with ideas, an imagination arid help in their task of transmitting their knowledge to the public.

As man does not live by bread alone, the more the employees and agents know of the wider aspects of the business and the more pride they have in it, the more satisfied they will be.

I think the process goes further than that. If the business is good enough intrinsically to give men pride in it and they are given the insight that will arouse that pride, they will not only like their business but business in general and the society of which it is a part. They will want to improve it rather than destroy it. If we could achieve a situation in which most people were satisfied with the way they made a living we should have a prosperous and contented country. The most likely way it seems to me to get there is for those with responsibility each to plow and cultivate his own fields to the maximum. In the homely phrase of the country—a man can get a lot done by minding his own business.

In the early days of the discoveries, a ship after a long passage of the Atlantic ran out of water. The crew was sea-worn and suffering the torments of thirst. Finally to their immense relief they sighted a vessel crossing their bow. As the vessel drew near the thirsty crew signaled asking for water. The other vessel kept on her way merely signaling back, "Let down your buckets where you are."

As the distance grew between the two ships, so grew the curses of the thirsty mariners. But one sailor who was in extremes let down a bucket and drew up some water. It was fresh. They were in the wide mouth of the Amazon. I think we are in the mouth of the Amazon too and there is fresh water where we are if we will let down the buckets.

Speech to the New York Telephone Company
February 1944

Page, A. W. (1944, February 1). The Measure of the Kind of Folks We Are. Paragraphs from an informal talk given before a group of Supervisory Employees of the New York Telephone Company, New York, NY.

Summary

During World War II, resources for installing telephone lines were scarce and customers could not receive the standard long distance service they were acquainted with. At this time the company received fewer complaints about the long distance service than when the service was actually better. The value of openly communicating with customers was manifest in the number of complaints received about the long distance service during this time. Page advised the company to continue providing exceptional customer service and capitalizing on efficiency, reasonableness, courtesy, and kindness during difficult times. He counsels the company to respond promptly and do everything in its power to fulfill its customers' needs when resources are more readily available and not required for war.

Key topics	Page Principles
Customer Service	**Tell the truth** **Prove it with action** **Manage for tomorrow** **Remain calm, patient and good-humored**

The Measure of the Kind of Folks We Are

Paragraphs from an informal talk given before a group of
Supervisory Employees of the New York Telephone Company
New York, NY
February 1, 1944

THE MEASURE OF THE KIND OF FOLKS WE ARE

The other day the following letter came in to a Bell System Company:

"The Telephone Company has always given me good service–but I should like to say a THANK YOU for a bit of Super service–free of charge and given with a smile.

"I had requested that my phone be removed from one room to another in order to make it more convenient for my new roomers. Sure enough the 'Telephone man' arrived – just after the roomers had left!

"Well–the bedroom door had been banged so hard that the cast iron lock was broken in two, a long screw had been literally torn from the wood, the other screw partially dislodged and only part of the lock still hung in place, but so badly twisted that I could not budge it in order to place it back together. The shades had been pulled below the windowsills and stuck and just would not re-roll. The closet door was jammed shut and the little latch that held the kitchen cabinet doors in place had been bodily pulled out, and the telephone hung on the wall with its front gaping wide open. My spirits were just as demoralized as the room.

"I said to the 'Telephone Man,' 'I hate to bring you into a place like this, but I have no choice. I'll try to prop these shades open so that you can see.' He said, 'What seems to be wrong, lady?' and asked me for a fork. While talking and explaining that if the phone wires were run in one manner he could put the phone where I preferred to have it—but if they were placed in another position he would have to place the box in another spot—he had the shades up and rolling, the cast iron door lock pushed back into position and held firmly with a long screw that he produced magically from some mysterious spot, the closet door working again—and as he passed through the kitchen on his way under the house—with a flip of his wrist he had the cabinet latch back in place and all in less time than it has taken me to write this. The whole time he was doing all these wonderful things he was explaining about the placing of the telephone in the other room. Then that was done, too. I asked him his name in order to thank him—Mr. Long.

"So when he left I said a little prayer of thankfulness to the Telephone Company and to their most efficient employees and especially to Mr. Long for his courtesy and kindness in helping out a lone woman whose men folks are all gone.

"Most sincerely, _____"

In her last paragraph the writer emphasized the fact that the telephone man was efficient, courteous and kindly.

She put her finger on the main points.

The result is that they have a good reputation, both on and off the job.

Telephone people can and do have a pride in their job. The neighbors think well of what they do and strangers they meet speak well of them and the service they render. This makes life pleasanter for all concerned.

But we are facing a somewhat new situation. For more than a year we have been asking the public to be patient because we could no longer give the standard of long distance service we used to give. And the public has been most patient and tolerant. In fact, there have been fewer complaints about the long distance service in the past two years than there used to be when the service was technically better.

We have told the public why the service isn't so good. We have told them about the shortages of materials and that what we used to get to serve them had been going to war.

The public in effect has answered –

"We have always found that you people are efficient, courteous, and kindly. If you say you are doing all that can be done it is all right with us. We won't complain."

And they haven't!

But now we have to explain something else. There are a lot of people now who can't get any telephone service when they ask for it, but must wait to get a telephone installed. That is a whole lot harder to bear than having a toll call delayed.

It is true that the reasons for shortages in instruments, exchange cable, drop wires, and switchboards are just as good, in fact, just the same as the reasons for shortages in long distance circuits. But the lack of facilities will be a harder strain on the public patience than the delayed toll calls. And after a while if we don't take care, the public may begin to wonder whether our excuses are as good as they sound and whether we are as efficient as they used to think us. People are like that.

They may begin to wonder if we are not slipping a little where the neighbors used to speak in complimentary fashion of telephone people and their work, there may come a note of criticism instead of compliment. One of the best things about a telephone job may get a little tarnished, even though we are working harder for the public than ever before. That is what happens under the strain of war. We may see some dents appear in the reputation, which Bell System people have built up during the past many years.

What do we do about it?

The first thing we do about it is to prove that the reputation we had wasn't just a fair weather reputation. We go on doing everything we can to render service with competence and good nature. We don't complain or cry about people blaming us for what the war has done to their telephone service -- or the lack of it. We don't get irritated. We do everything that the circumstances allow as to facilities. And we add to the measure of patient explanation, courtesy and kindness that has built up our reputation. Materials may be scarce, for we have to buy them. But reasonableness, courtesy and kindness we can provide in full quantity, for we make that ourselves on the spot.

The next thing we do is to get all possible material and make facilities as quickly as they can be made. I do not mean the Bell System shall ask for materials that are needed for war just to make our life easier. What I mean is that just as soon as materials not needed for war are available we go to work with them with our utmost speed and ingenuity. The object is to get service to all who want it at the earliest moment. If that means temporary plant or unorthodox methods, that is all right. We can raise the service up to standard later. But speed in getting it in is the first thing.

But as the situation looks now, at the best we can do we shall have a held order list for quite a long time.

While that is with us the maintenance of our reputation will depend more than ever on the actions of the people in the Bell System. In peacetimes the material of the plant is good and adequate as well as the men and women who operate it. For some time to come the plant won't be adequate. The burden will fall on the efficiency, the reasonableness, courtesy and kindness of the men and women.

It will be an interesting test. I have no fear of the result. But I think it worth while to take a look at what is coming, for the way we go through a tough period is the measure of the kind of folks we are and the basis of what our neighbors will think of us in the future.

Speech to the Telephone Pioneers of America
October 1944

Page, A. W. (1944, October 27). Talk. Speech presented at the Edward J. Hall Chapter of the Telephone Pioneers of America, New York, NY.

Summary

Page recaps circumstances surrounding the depression and the war. He highlights the value of good customer service during his nearly 21-year journey in the Bell System. He looks forward to more prosperous and busy times with the company.

Throughout World War II, Bell Systems leveraged the good corporate reputation it built during the depression and World War I. The company's prior performance helped instill customer trust that resulted in customers' tolerating and believing the company's words when the company indicated that delays in toll calls were indeed caused by the war. Page explains that the benefits of treating customers with courtesy, kind words, and helpfulness are limitless, especially when individuals are under pressure. When there were not enough telephone services (circuits or switchboards) in military camps and naval stations, the friendliness of managers and operators positively influenced perceptions of the company.

Key topics	Page Principles
Reputation	**Tell the truth**
Customer Service	**Prove it with action**
	Manage for tomorrow
	Remain calm, patient and good-humored
	Realize a company's true character is expressed by its people

Talk

Edward J. Hall Chapter of Telephone Pioneers of America
New York, NY
October 27, 1944

TALK

As you know I am not old enough in the Bell System to be a Pioneer. I suppose that when Mr. Campbell asked me to speak he was paying tribute to the Youth Movement.

As a matter of fact, in the normal course of events I don't expect I ever will be a Pioneer. This is not because I do not expect to reach my twenty-first year in the Bell System, but because I have little expectation of seeing any normal course of events.

I came into this business in the abnormal boom of the late twenties. Then came the abnormal depression. Then came the abnormal prolongation of the depression and then came the abnormalities of the prelude to war. Now we are in the abnormal period of war. If half the postwar plans that are being planned are even half tried we are going to have a real abnormal time after the war.

I have been told in the newspapers, magazines, by pamphlet and book, and over the radio that those evil boom times of the twenties were the cause of all the troubles we have had since. I have heard people calling for all manner of sacrifices so that we shall never see their like again. I confess to being something of a Philistine. While they were with us, I rather liked the twenties.

There was a lot going on. Wages were going up. Rates were going down. We were opening services to all kinds of places in Europe. There were many new jobs, many new projects, and lots of people got raises in salaries. Everybody was cheery and confident. And it was customary for people to actually get the larger part of their pay.

Then came the world's longest depression. Since that time what goes on reminds me of Uncle Elijah's cotton crop.

He and his wife, Aunt Frances, lived in a small cabin and worked cotton on a small farm. One fall Uncle Elijah took his two bales to the gin. The gin was run by the same man who ran the country store. Two bales was a good crop and the price for once was up to 10 cents a pound. Elijah went off in gay spirits. He came back a little sobered.

"What did you git?" said Aunt Frances.

"A hundred an' nine dollars fo' de cotton an' anudder eighteen dollars fo' de seed."

"Bless yo' soul, lemme see de money."

"'Bout dat money, Frances, de ducks got it."

"How yo' mean de ducks got it?"

"Well, Mr. Mckeithen he sez, 'Elijah, dat's good cotton an' what's mo' it's a good price, cotton an' seed $127.' An' den he opens up a book he had an' he commences –
"'Deduct fo' dollars and fifty cents fo' calico bought by Frances. Deduct three dollars and seventy cents for a collar fo' de mule. Deduct six dollars and seventeen cents fo' sundries.'

"Deduct dis, deduct dat, detuct tudder. And when he gits done deducts he got de whole business and dis hyer sunbonnet what I brung yo' is gwiner come outer nex' year's crop."

Ever since the depression started, deducts have been active around here.

While the war is on and until the infantry gets to Berlin and Tokyo nothing matters much but getting on with the war.

And we must get it clear, too, that the war isn't done until it is done. The provisional estimate on winning the war may be clear, but the war isn't over until it is carried out. I am an optimist about our fighting forces, but we have to soberly remember that we are not in Berlin yet and in spite of the amazing feats of our Navy we have not yet gotten back where we were the day before Pearl Harbor. Also we haven't yet gotten to a place where we can reach the main Jap army, which is in China and in Japan.

But when the war is done, if we have to be abnormal, I am in favor of being abnormally busy, abnormally prosperous, abnormally cheerful. I am in favor of lots of jobs, lots of promotions and having a fair part of the pay stick to the fellow that earned it. What is more I am young enough and optimistic enough to think that something like this may come to pass.

If it does, we in the Bell System are going to have to do something about it.

In the first place, we have got to get a lot of money. You can't put in a million or more telephones one year after another without money and lots of it. Yet we'll have to do that and more if we are going to catch up with the held orders and keep up with a prosperous America. A lot of switchboards and toll lines go with those telephones. And then there are coaxial cables and radio relay circuits for telephones and television. And by the time we get well started with these things the Laboratories are likely to have schemes for changing over one area after another to intercity dialing. Beyond that they will be recommending things we don't even have a name for now. If you just have the money to put stuff in they will invent it for you, for they are the smartest and busiest people you ever saw. When they quit turning out one amazing and fantastic apparatus after another for killing Germans and Japs, and get back in their telephone stride, it is going to keep a lot of people busy making and installing and operating the things they think up.

Where are we going to get the money to do all this?

There is just one place to get it—out of the biggest pool of money in the world, the savings of the people of the United States. There are 660,000 who have their money in our business now. These and others like them will put in all we need - if they believe that we will keep it safe and pay for it fairly.

You don't convince them that we'll play fair with them by promises. They judge by performance. They have believed in us because we performed. They have had a safe investment on which they have had a fair return—some 6-3/4% on the amount of the money in the business. That is the basis of their belief. That is the basis for getting the money we need to keep busy and effective in the future. That is the basis on which we can have the new things, which will make service better and more economical for the public.

Those new things are economical. They are labor savings. With them men and women accomplish more than they did before and the public gets better and cheaper service.

And the Irish of it is that labor-saving devices in the Bell System have always called for more labor not less, for the devices make the business grow. There are more

operators now than when we were all manual, and more linemen now that we have cable than there were when all lines were open wire lines, and more office workers now than there were before we had all manner of office machines.

About all we have to do is to be sure we can get the money from the public pool. If that is done we are headed for an abnormally good time. I don't know about you, but I can take quite a lot of it.

So much for the material side of this business.

There is another side.

This isn't just a business.

The Bell System isn't just a lot of companies.

To most of us it is our life.

It is not only what we live by – it is how we live. What the Bell System does is the measure of the kind of folks we are.

The Bell System has a good reputation. That is a comfortable thing to live with.

It is an inward satisfaction to feel that you belong to a good team–a worthwhile enterprise, well conducted. And if the casual acquaintances, the neighbors, the newspapers and the world in general, speak well of your outfit it is more fun talking about the business than if it has a bad name. It gives a better flavor to a home when the youngsters come in with compliments for the place you work in than if they come in with questions about its character or accomplishments.

We have a good reputation now. We are using it. When we tell the public that it is because of the war they can't have telephones and they must expect delay on toll calls, they believe us. That belief is based on past performance. Here we are getting fewer complaints for poorer service than we ever got for the best service. That is the public's war tolerance mixed with faith in us. But it is also something else besides that. I want to read you a letter that recently came into the Los Angeles office.

September 19, 1944

Southern California Telephone Company
Los Angeles, California

Dear Sirs,

Yesterday, I called at your office in regard to equipment for amplifying sound on my telephone, as I am hard of hearing.

It was an unforgettable experience; your office seemed so restful and quiet, as compared to the streets and stores.

The courteous manner in which we were received, whether for a complaint or for some extra service, and escorted to our chair, and then to the desk where we were greeted with a smile.

While waiting my turn, resting in that very comfortable chair and quiet atmosphere, it seemed as if we were in another world and would expect to hear a choir or a symphony, such as we hear every Monday evening on the Telephone Hour.

In these days of ceiling prices, restrictions and rationing; there is one thing that has no limit and that is courtesy, as exemplified by my visit yesterday, and the experience was so unusual and pleasant that I cannot let the opportunity pass by for saying; Thank You.

Very truly yours,
(Signed) Arthur W. Redfern

You notice the phrase "There is one thing that has no limit and that is courtesy." Kind words and helpfulness. You can't just put these things on like an overcoat. They have to be natural. And what is more they don't amount to very much unless they are hitched to competence. Most people are kindly by nature. But a lot of them haven't the character or training to be competently courteous under pressure or in adverse circumstances.

I don't know whether you have all thought about our experiences in the camps and naval stations. The boys wanted to call home. They generally wanted to call about the same time. It couldn't be done. We couldn't furnish the circuits or the switchboards. And yet everywhere you go the soldiers and sailors have a good word for the telephone companies. True we didn't have facilities, but we did have managers and operators. And the managers and operators were friendly people with a know-how to make their friendliness effective. They turned a liability into an asset. And they have a good time doing it. There is fun pitching when you've got stuff on the ball.

We've got this held order liability with us in good measure. About the only way to make it an asset that I know of is by all hands showing what kind of people Bell System folks are. And it isn't going to be so easy, for the pressure will last quite a while and increase. We've got the surface of it now. We'll be getting the body of it later. It makes me think of what one of the soldiers of the 92d Division said to his buddy on the way to North Africa.

They were looking out on the unceasing rolling of the limitless sea. Nothing in sight but water. Finally one turned to the other and said, "Amos, that's a powerful lot of water. Jes' look out there. That's a powerful lot of water – and what's mo' that's jes' the top of it."

There will be quite a lot of seething down below and the public sometimes loses tolerance fast. I am often reminded of a small politician in North Carolina who had had some experience with the changing moods of the public. He came back quite a hero after the last war and received a great welcome. There were many flowery speeches, none of which mentioned certain hard things that had been said of him on previous occasions. As he rose to reply he remarked rather whimsically that he greatly appreciated the kind

words of the neighbors, but he still remembered that on even a tall man it was only eighteen inches from a slap on the back to a kick in the pants.

The public mood can turn quickly. The tolerance bred of war may fade rapidly when the fighting is over, but neither impatience nor irritation can make much headway against a solid front of competent courtesy. I am not worried about the public's changes of mood if there is no deterioration in our performance. The next couple of years is the time that will show the neighbors what kind of people we are. And that performance will affect quite a lot what kind of a life we lead afterward.

A great philosopher of my acquaintance is engaged in a deep speculation as to the origin, development and cure of that curious human characteristic which he calls "post-prandial persecution." Why is it that people who have eaten well and comfortably should call down upon themselves a shower of words? His researches are not finished. There is no answer apparent to the problem. It is only because of long habit that I have spent twenty minutes of your time telling you things you already know, and telling them in ten times as many words as need be.

That this last statement is true I will prove to you by giving you the whole speech in two sentences.

First, you can hire a lot of people if you have treated the American people well so they will give you the money to do it with.

Second, a soft answer turneth away wrath and character shows best when the going is rough.

Article written by Page for *Current Developments in Public Relations*
February 1946

Page, A. W. (1946, February). What We Think About Held Orders. Current Developments in Public Relations Activities, VIII(1-A).

Summary

In the aftermath of World War II Page admonishes those at AT&T to do everything they can to get service to all who need it. As the company moves forward it aims to provide service for every person it possibly can, as quickly and cost-effective as it can. Page emphasizes the importance of truthfully disclosing and explaining what the company is doing and why there are delays in service. Employees are told not to take advantage of people or capitalize on the misfortune of others. The company should do the very best they can to serve the public's needs.

Key topics	Page Principles
Customer Service	**Tell the truth** **Prove it with action**

What we think about held orders

Current Developments in Public Relations Activities
Vol. VIII, No. 1-A
February 1946 Issue

WHAT WE THINK ABOUT HELD ORDERS

Held orders are not just statistics on a sheet. They represent people and people we will be living with for the rest of our lives. They have been exceedingly tolerant. That has been one of the most impressive facts of the wartime. But what happens when they cease to be tolerant and how fast it happens are equally as impressive. In one place in the Bell System complaints rose 1000% in three months.

If people really believe that we are doing everything that can be done, I think they will still be friends of ours, for a while. But the second they suspect that we are taking their inconvenience easy, or letting their suffering save us some trouble, or money, there will be trouble for us aplenty.

This business has lived and grown successful and of good repute by giving service. It has given the public what if wanted when it wanted it and done it with efficiency and courtesy—and then invented better things and taught the public to want them and ask for them.

That is what made this business something more than just a business. It made it a good place to work, a good life to live, something with a little distinction.

It did its best to serve the public. That paid off when it was comparatively easy to do.

Well, not it is hard—what about it? What do we do? Shall we run the business for our convenience? Shall we run it to meet some long distance "prove in" rules? Shall we serve our engineering studies? Or shall we serve the public?

What is the objective? To give people the best possible service as cheaply as we could do it. But the "service" comes before the "cheap." And not just to serve those we found it convenient to serve.

Our job is to serve every single person that we possibly can and get service to them as fast as we can. That may mean putting plant in and taking it out again in a little while.

What did we do after the hurricane? Did we wait until we had everything engineered for 1960? We did not. We go something going fast and improved it afterward.

Well, this is just like the hurricane, but a whole lot worse. What did we expect—to have the worst war in history and have it result in the millennium of ease and comfort? The phrase "the war is over" is a hallucination as far as we are concerned. The war has just got to our front. This is our big time, and if we are not going to throw away all the ideas of our history we are going to take off our coats and show the world what we can do in a fight.

Are we going to degrade service a bit for the many to give service to a few more? Sure we are. We are going to give everyone some service just as fast as it can be done, and we are going to tell everyone exactly what we are doing. It is the only just thing to do, and the public relations of this business are not as good as we think they are if we can't manage to live with the truth and justice no matter how unpleasant the truth is.

This is not time for little faith, or halfway measures. It is time to strain every effort to give service, and a time of full explanation of what the facts are.

It is a time to increase our reputation by the energy and ingenuity with which we meet our difficulties and the complete sincerity of our efforts—and the complete frankness with which we tell the facts.

If this company has done everything humanly possible to give service we think we can say so in a way to keep our friends as well as our self-respect.

But if, because some people must wait some, we have let down and let more wait than need be, and wait longer than they had to, there is no way to make a good story of that. We won't believe it ourselves and we can't make anyone else believe it.

No one is asking us to save the last nickel. Take a vote. Ask the public, do you want telephones now or a little saving later and a perfect engineering record?

Maybe, we don't face those questions in those words. But we do face those questions. And I have no doubt what the answers are.

The question is how good a job do we do. How much of lasting satisfaction do we get out of recognizing the biggest and hardest job we every had and licking it.

If we see it for what it is we'll lick it and like licking it.

Speech to the Montreal Chambre de Commerce
February 1946

Page, A. W. (1946, February 7). Talk. Speech presented at the Montreal Chambre de Commerce, Montreal, QC, Canada.

Summary

Page talks to the Montreal Chambre de Commerce and explains the challenges big businesses face in the court of public opinion.

Companies are faced with a variety of obstacles that challenge their ability to directly connect with individuals and increase public trust. Unfortunately, "size and power breed fear and dislike, especially when surrounded by secrecy or mystery." To influence favorable attitudes, companies should maintain transparent or open communication and act as good corporate citizens. Those organizations that pay heed to public opinion rather than rely or wait upon regulations and law to guide their actions are better able to weather the court of public opinion.

Key topics

Corporate Social Responsibility
Corporate Power – fear/suspicion of big businesses
Public Relations – PR challenges/limitations
Public Opinion
Public Trust

Page Principles

Tell the truth
Prove it with action

Talk

Montreal Chambre de Commerce
Montreal QC Canada
February 7, 1946

TALK

Public relations has come to be a highfalutin phrase with a somewhat mysterious air and I fear a certain content of buncombe in it. Public relations is, of course, merely one's relations with the public. Princes and paupers, the butcher, the baker, the candlestick maker, have all had relations with the public for lo these many years. Some have good relations and some poor, but none but the hermits could escape having some kind of public relations.

Princes on the average I would think have done less well lately than formerly and the paupers better than they used to do, but their relations with the public come under the head of politics.

The butcher, the baker, and the candlestick maker, that is, business in general, perhaps has not all the public esteem that it could wish and that is why public relations

is discussed in business circles nowadays. It is a curious thing that business has not greater public esteem because business is a way of making a living, a thing which almost all of us have to do. As it is a common interest, it ought to provide a common bond and be popular with everyone. Why isn't it? I think that the commonest reason for a lack of popular favor for business is size and certain things that often go with size.

Little business is popular. There are in the United States almost as many government agencies for encouraging little business as there are for the regulation of big business. No one is afraid of little business. Many people are afraid of big business. The man who runs his own store is generally polite to his customers, for he can see that it pays. The clerks in a large store may not be equally obliging for they have not exactly the same incentive. Dealing with Bill Smith may be pleasanter and more personal than dealing with the William F. Smith Corporation. When Bill Smith gets to be a corporation he may well lose one of the reasons that enabled him to be a corporation.

Size is an evidence of success. Size also in many kinds of business has operating and purchasing advantages. But it isn't inherently popular. Moreover it is hard to keep size polite. There is some tendency for the top to get top-lofty because of removal from public contact and for those who do have contact with the public not to have the interest to make that contact both efficient and courteous.

Now we have reached a state in North America, where a considerable part of our business is done by firms and corporations—whether you call them big business or little—in which the heads are removed from public contact and the public is dealt with by an organization.

Generally speaking the goods and services provided the public have good quality and value. In these aspects I think business makes a better record than it does in the courteous thoughtfulness and individual attention with which the services are rendered and the goods sold. If this is true the values are better than the relations with the public. And unless management is eternally vigilant and wise this will be so because the goods are inanimate and easier to control than the people who make up an organization. To teach and inspire a high standard of thoughtfulness; courtesy and individual attention to the public is a difficult task, especially when the inspiration must come from men who have ceased to have public contacts themselves.

This is one of the simple human reasons why as business gets bigger it is hard for it to maintain the public's good will. Yet there are so many cases where this difficulty has been overcome, that I believe it is clear that an increase in courtesy at the point of contact with the public is one of the biggest opportunities that business has.

Public relations officers are often thought of as identical with publicity officers. I don't think it makes much difference what they are called so long as it is accepted that what you do for the public and how you do it is far more important than what you tell the public.

Yet what you tell them is important also. The public judges a business not only by its contacts with it, but also by what it hears about it. And it hears and believes many fantastic things. In the United States we took a poll of public opinion recently concerning the earnings of the telephone business. In it were two questions: One, what did people

think we did earn, and two, what did they think we should earn. It turned out that the average opinion was that we did earn nearly three times what we do and that we should earn nearly twice what we do. I am tempted to agree with this latter opinion but, people thinking what they did about what we earned, they can hardly help expecting either a considerable cut in rates or a tremendous boost in wages, or both. We have tried to tell what the facts are but evidently we have not been entirely successful and that lack of success in telling has danger in it.

Of course the public is more interested in the telephone company's rate of return than in the rate of return of competitive businesses. But people are very quick to suspect that there may be something against the public interest in the methods by which even competitive businesses become successful. Size and power breed fear and dislike, especially when surrounded by secrecy or mystery.

I believe then that it is always good counsel to tell the public the facts about business. But this is difficult for the public is quite busy about its own business and not much prone to listen about yours unless perchance some on accuses you of having prospered by unfair methods or grown rich and arrogant, or you are hit by the kind of attack which may well make the headlines. Then you will be asked to tell your story, but on the defensive, which is a poor way to start.

There is a measure of safety then in keeping the public informed about your business—a as much as they will let you. There is a further measure of safety in examining the business with a critical and hostile eye yourself to see what there is about it which would be embarrassing if your worst enemy in his meanest moment got the facts on the first page of the paper. Having gone through that self-examination, maybe something should be changed. If not, a good explanation of the facts all written out isn't bad insurance.

What kind of things would these be that would provoke the public's hostility? It is hard to tell. The public is exceedingly whimsical. If you are a little business you can cut rates and be a public benefactor. As you get larger and cut rates you may be indicted for trying to kill off your smaller competitors, but just how big you have to be to deserve this indictment is uncertain. In the United States it is not uncommon for business to be pilloried for violation of an act that Congress is thinking of passing. This doesn't sound logical but it is distinctly human. Usually businesses that critically examine themselves have a fair chance of seeing such dangers before they occur. A constant adjustment to public opinion is much safer than reliance on law, for public opinion is what makes law and by the time it gets provoked enough to enact a statute, the statute may be pretty stringent.

I have now talked about fourteen of my fifteen minutes and said nothing that was new and nothing that was not obvious. That I would do so was obvious to you when you asked me to speak on public relations—or how to get on with humanity. Individually and collectively this is an old subject. Statesmen and politicians have worked at it for thousands of years—with only relative success. Business has done the same with the same results. As long as people are human public relations will be ever-changing, precarious, interesting and full of possibilities.

There is one continuing aspect, however, in free countries where public opinion functions. The public is the boss. All business begins by public opinion—a license to peddle peaches or a charter to run a bank. What the public has given it can take away. A servant it has commissioned, it can punish or dismiss. The law may delay the public will but business can't prosper against it. So even if no one has found out how to be sure to have continuously good relations with the public, it is fairly evident that it should be done and it is worthwhile putting some time and thought on the matter. Trying to run a business is a hazardous enterprise at best. It is worthwhile trying to have as many of the public on your side as possible.

Besides, the public expect you to run your business so that it can be on your side. The public may be whimsical, and sometimes slow, but it is generally fair–and dangerous when disappointed.

It expects the best goods and services at the least cost possible and at the same time that you pay good wages and salaries and a good return on the investment. It further expects that your business will, like a good citizen, support good causes, that you will give some time to public service outside business and also that you won't run foul of any particular hobby the public is interested in at the time—and as you get larger you are expected to take more of these responsibilities. As this counsel of perfection is exceedingly hard to accomplish, I take great comfort in the fact that with the public an honest desire to do well by them and an unfailing courtesy and frankness cover a multitude of sins, and the public will forgive much if they get these.

Speech to the Continental Oil Company
March 1951

Page, A. W. (1951, March 26). Speech. Speech presented to the Continental Oil Company

Summary

Page addresses Continental Oil Company on the value of public opinion and the role of public relations in securing favorable attitudes about the company.

Engendering favorable public opinion takes more than producing goods at a reasonable cost. The fundamental way to elicit a flattering public opinion is to deserve it. A company's reputation is not necessarily built on being a good distributor of products and services, but rather on being a good citizen. Public relations should focus on gauging internal and external public opinion, publicizing the company's good works, and working to improve the company's image and reputation. Employees play a vital role in stimulating public opinion and should be carefully managed.

Key topics

Reputation
Good Corporate Citizenship
Internal Relations

Public Relations – PR functions
Public Opinion
Publicity

Page Principles

Prove it with action
Manage for tomorrow
Realize a company's true character is expressed by its people

Speech

Continental Oil Company
March 26, 1951

SPEECH

The Continental Oil Company was chartered by public authority on the assumption that it would serve the public's needs for petroleum products. The theory was that its self-interest would insure its activity and competition would keep its products and services and its prices satisfactory.

That is still the main basis of Continental's relation to the public. It is still a fact that the company was set up under public authority to benefit the public, and public authority can at any time limit its functions, its methods or abolish it al together.

So we, like all other companies, live by public approval and roughly speaking, the more approval you have the better you live.

This is the fundamental reason for seeking public approval.

The fundamental way of getting it is to deserve it.

For a long time business men figured that if they produced goods at a price that the public would buy that was ample evidence that they deserved and had public approval.

But it turned out not to be as simple as that.

Business found it could lose public approval by having trouble with labor, by being unpopular in its hometown, by using selling methods that didn't suit the government, and by an infinite number of other things, some of them seemingly quite harmless.

So it has become generally accepted that a Corporation must be a good citizen in all kinds of ways besides a good producer and distributor.

Failing to meet an ever-changing and sometimes whimsical definition by the public of what is a good corporate citizen may be the biggest hazard a company runs.

So it is worth while to put some first-class effort on the somewhat nebulous job of being a good citizen. And having done this it is just common sense to let your light shine where it can be seen.

Publicity is the art of telling a good story well.

If the story isn't good fundamentally there is no one who can tell it well, and it is a waste of money to try.

So our public relations are mostly what we do, but if what we do isn't exposed to view we may not get the benefit of it.

Now, how do we organize to deserve the public favor?

We are already highly organized to do the basic job of giving the public goods and services.

Then comes the job of organizing that somewhat nebulous job of being a good citizen.

I suppose the first thing to do, is to see if we can find out what our reputation is now.

An important body of public opinion is our employees. Like everybody else they talk shop all the time. If they are talking on the side of Continental Oil, it will be known allover the oil country that Continental is a good place to work. That is the main criterion by which half the population judges any company.

If our people are on our side, the more they know about the company the more pride they will have in it and the more good they will do us. Remember, they talk all the time, and in their own circles they are pretty nearly the final authority. If we advertise that we are good and they say we are bad, our reputation will be bad in their circles. In this discussion, when I say "employees" I mean everybody on the payroll or on contract.

The next group to study, I suppose, is our customers—big and little. This is done pretty carefully by our sales force.

The next group is the general public and their representatives in government and various organizations.

Now, before anyone can go to work intelligently on this job, he will have to sit down and make a careful study of Continental's record from a great number of angles, and likewise write out Continental's policy—what it is trying to do for the country in general, for its employees, its owners, the communities and states in which it works, its responsibilities for progress in its technical and human operations, and many other things.

Having the record of what has been done and what the Company is trying to do pretty well developed, the Public Relations department is in a position to see whether performance meets intentions, and also to explain to anybody and everybody what performance and intentions are.

Now you meet question no. 1.

Do you want someone of capacity in the Company whose business it is to critically survey the public reactions to what the operating people do? Lots of people don't like this idea. Yet, if it is intelligently done, it can be of great assistance to the operating people, for whatever they do that produces friction is a handicap to the smooth performance of their job.

If this is not desired, the Public Relations function is limited to exposing to the public what is done. This is a very considerable job in itself because the public is busy about its own affairs and it takes some skill to get their attention.

If the Public Relations Department is allowed to use all personnel on this job that is a great help.

If Public Relations is largely confined to the written word, that is a great limitation.

Nevertheless, this limited job can be a very active and useful one—and to tell you the truth this is what most companies do.

Many succeed very well with this limited objective because even when burdened with the regular functional duties, most good men in business have fundamentally good instincts about the public.

Yet this hasn't sufficed in a good many instances and in those cases after the trouble is well started, measures are taken to regain lost ground. DuPont, for instance, is vigorously in that stage now.

There are then very fundamental questions to decide, and after they are decided and a policy formed, it takes quite a long time to achieve results. You have to remember that even under the most favorable conditions mass education is an exceedingly slow affair. The conditions of our problem are not unduly favorable. We can't put our audience into a schoolroom and lecture them. Our written matter isn't required reading. We have to get our audience by skill and ingenuity on the wing of occasions.

But I believe that the money and brains that can be effectively organized on public relations on its larger basis are cheap insurance against calamity and a positive advantage to all concerned—the public, the employees and the stockholders.

So far as I know there are no fixed rules about organizing this effort. It can start small and grow. It can start fully organized and learn by trial and error. I still have some beliefs as to how it should be done, but I have had to modify my ideas every few years one way or another and I am reminded from time to time of the old saying that there are a lot of ways of skinning a cat. On the other hand, I am more convinced each year of the value of working on the job in a serious and well-organized manner.

Speech to celebrate the millionth stockholder of AT&T
May 1951

Page, A. W. (1951, May 15). Trusteeship in Business. Speech presented at the Millionth Stockholder Celebration of the American Telephone and Telegraph Company, New York, NY.

Summary

Page speaks at a ceremony celebrating AT&T's one-millionth stockholder. Companies operate on the trust and confidence the public puts in them. AT&T has a responsibility to operate as trustees of the investment people have made in the company. The company needs to continually look to the future and create confidence in the public's mind. As trustees companies are responsible to earn money for their stockholders, serve the public, and provide the appropriate leadership, incentives and training for employees.

Key topics

Competition
Employee Relations
Federal Reserve Act
Internal Relations – investor relations
Public Opinion
Public Trust
Regulations – Industry/Government

Page Principles

Manage for tomorrow

Trusteeship in business

Millionth Stockholder Ceremony of the American Telephone and Telegraph Company
New York, NY
May 15, 1951

TRUSTEESHIP IN BUSINESS

It ought to be a normal thing for every family to own a part of the country in which they live. But in the history of mankind it has not been normal. In this country it is. If you add up those who own houses, farms or all or part of a business, you will have the greater part of the population.

You may define that as capitalism. I think it is more accurate to say that it is the natural result of freedom, for any man who is free to do so tries to accumulate for himself, his family and for good causes in which he is interested. He will naturally do this if some government does not stop him.

So in this free country we have millions of owners and as it is an industrial country we have millions of owners of industry.

Great numbers of these owners, like Mr. Denton and the other 999,999 owners of the American Telephone and Telegraph Company trust other people to run their property.

The growth of the great corporation owned by hundreds of thousands of people has produced a trusteeship of a size and kind never known in the world before.

The directors who accept responsibility for the operation of the publicity-owned companies accept a nation-wide responsibility, because there are not individuals with money enough to finance business of the size that his great country needs. The many have the money, not the few.

You can't run a business by a committee of a hundred thousand or a million people. They must trust some few to act for them.

And those who do act in this capacity have a public trust as sacred as that attached to any governmental public office.

Adding the millionth stockholder does not change the responsibilities of directors, but is does make an appropriate occasion to reaffirm our belief that the trust of millions of people deserves the most meticulous care that men can give it, especially as this trust is the basis of the tremendous effectiveness of American industry which makes the strength of the country both in peace and in war.

And I believe that the public confidence is justified for I think the implications of trusteeship become clearer each year and the standards better each year.

Every business starts with public authority in the form of a charter, franchise, or maybe a license for a pushcart.

The charters are given because the State believes the company will serve the public. There is no other reason for giving it, nor is there any other reason for continuing it. It is a kind of loose contract between the state and the company by which the company earns what it can under competition or regulation and serves the public with goods and services in return.

So the trustees have two duties—to earn money for their stockholders and to serve the public. These two inevitably create a third, for neither the earnings nor the service will prosper if the employees of the enterprise are not well equipped, well paid and well led.

And none of these three can be accomplished by any hit and run method. Big business has to be run with an eye to the long view.

The research in material things and in management practice, which makes for better and cheaper products, is a long-term project.

The building of management that has good men always coming up and opportunities to encourage good men, is a long term project.

The creation of confidence in the public mind is a long-term project.

The fact that a corporation does not die at three score years and ten is essential to the success of these great enterprises. The fact that they can enlist and train good officers in endless succession is also essential.

The professional manage, starting at the bottom and rising by merit, it is a vital part of present American economy. And he is a trustee as well as the directors. His career is in the successful performance of the corporation's responsibilities and the training of his successors. His rewards—in money, reputation and satisfaction are roughly in accordance with that success.

As the managers come up from the bottom, so does the money.

I think there may have been a period before the Federal Reserve Act when money from the general public was scarce and industry had to depend on the limited means of financial groups. That isn't true now. Wall Street may deal in money but it is as the agent of Main Street that it does it. Wall Street is a servant of Main Street. Industry gets its capital from Main Street and pays its dividends to Main Street.

Mr. Denton, you have entrusted your savings to American enterprise which is somewhat different from enterprise anywhere else in the world.

In the first place, The Constitution forbade tariffs between the states and politically made a nationwide market. When transportation was good enough, the nationwide market called for quantity production, and quantity production called for business so big that it had to be financed by the public generally.

And that widespread ownership has necessitated a trust by the investors in the directors and managers of these great enterprises.

The character, experience and the wisdom with which these trusts are administered will be the test of their success. If they continue to deserve and have public confidence, they will continue to have freedom enough to do their job well. If they fail in character or wisdom to deserve and hold the public confidence they will be hampered by rules and regulations so that they can do less well. It is not easy to be wise. Most business decisions must be at least partly based on a judgment of the future and judging the figure is notoriously difficult. And efforts to please the public are difficult, likewise, because of the sudden and whimsical changes in public opinion.

You, therefore, cannot expect that our performance will be perfect. But as you have placed your savings with us, I want you to know that we understand the kind of a public trust we have, with its countless ramifications, and to assure you that while we share certainly not always judge correctly, we do sit up nights to seek the straight and narrow path in this confused and complicated world.

We are trustees for your investment and the American method of operating big enterprise, and we shall do our utmost to see that it prospers to your benefit.

Speech to the Bell System Executive Conference
November 1955

Page, A. W. (1955, November 1). Talk. Speech presented at the Bell System Executive Conference, Asbury Park, NJ.

Summary

At an internal public relations conference of operating people (company executives) Page explains top management's role in bolstering the company's reputation and outlines five rules executives should adopt in these efforts. Four suggested readings on how businesses should operate in a democracy are included.

This speech gives a brief historical perspective on the industrial revolution and how capitalism provides individuals with an opportunity to not only serve their neighbors, but benefit from this service. The majority of this speech addresses what management can do, within a democratic system, to influence public opinion and keep a pulse on the public's needs and wants. The public relations' responsibilities of the chief executive officer and other executives with whom the company's reputation ultimately reside are also discussed. Ultimately, company executives and public relations practitioners should work together to effectively manage and acquire a good corporate reputation. Executives should also take heed and communicate with employees, who also play a vital role in generating good will about the company.

Key topics	Page Principles
Reputation	**Prove it with action**
Internal Relations	**Listen to the customer**
Public Opinion	**Manage for tomorrow**
Public Relations Message	**Conduct public relations as if the whole company depends on it**
	Remain calm, patient and good-humored
	Realize a company's true character is expressed by its people

Talk

Bell System Executive Conference
Asbury Park, NJ
November 1, 1955

TALK

If you don't mind I should like to begin this talk with a little history.

When it took 70 or 80 or 90 percent of the people to grow enough food to feed the population, there was obviously not a great number who could go into industry.

So probably the most vital inventions for human wellbeing were such things as the McCormack reaper, for they released people from the farms for other production. The industrial revolution was limited by the number of non-farmers and when the farmers had to be a large proportion, there could not be much big business except land owning and trading.
Now that it takes less than 15 percent of the people to grow a surplus of food, other industry has plenty of manpower.

Big production units and big service units as we know them today are the result. They are comparatively recent affairs. There is no long history behind them and consequently we are still groping for the best method of handling them for the public welfare.

The history of our efforts is not too good.

The industrial revolution in England resulted in that country having more prosperity, more wealth and more strength than any other country in Europe.

But that revolution as conducted in England and on the Continent was conducted in such manner as to stir up Karl Marx and his friend Engel to write "Das Kapital," an almost unreadable book. But nevertheless it crystallized thinking so that all Western Europe, including England, is still largely socialistic.

This is not true in this country. We have a number of socialists of varying degrees, but our fundamental conceptions and practices are individualistic which is the same as capitalistic.

I think that it is important that you who have a hand in the great experiment of conducting big business so that it will be acceptable to our civilization should understand why this is true.

The people who landed at Jamestown and Plymouth and later elsewhere, were as full of feudal conceptions as those that stayed in Europe. They believed that some people were born to be on top and others to stay at the bottom. That was the European system. But the Government which administered this system was 3,000 miles away across the Atlantic.

In the century and a half between the landings and the revolution the population of the Colonies had grown to some 3,000,000 people and they had evolved a degree of freedom, opportunity and reward for success that was different than any whole people had ever had in the history of mankind.

We call it capitalism. This sounds to people elsewhere as a description of a civilization devoted to money. Actually it is quite the reverse. It is a civilization devoted to human opportunity and wellbeing. The opportunity is the opportunity to serve your neighbors well enough to gain from them a reward of wellbeing for yourself and your family. Money is the medium of exchange. But generally speaking, in this country you can't get wellbeing for yourself and your family without rendering commensurate service to the community.

A belief in freedom and equal opportunity became a part of the people and they instinctively protect these things. That is why the American conception of public education extends through high school and to college for pretty much everyone who really desires it, while in Europe higher education is still very much limited. That is why this is the only country in the world with a law to compel competition—in other words, a law to give everyone a chance. There is Homeric justice in the fact that freedom has given to those who believe in it most of the strength to defend it around the world.

Freedom and opportunity almost certainly create change. Capitalism incites men to do things differently and better. Our social and business life are not static and our political machinery which is the umpire of an ever changing game, must adapt its policies to change. And big business to get along in this moving stream acceptably must gauge its force and direction and adapt itself to serve the public needs and wants. If by conservative you mean a resistance to change, conservatism is a highly dangerous creed. If by being progressive you mean departing from the deep dyed instincts of the American people, that too is dangerous. The political parties operate trial and error maneuvers from side to side for temporary advantage in the changing scene. But institutions which desire to live a less hazardous life must endeavor to serve the public acceptably by keeping in step with the main current but avoiding temporary excesses in one direction or the other.

The people in these industries have a further duty as citizens and that is by precept and example to do their part in making this whole moving, changing thing we call our democracy, work.

So I urge you who have, from your positions a hand in this, the greatest experiment in human history to study something of its origin and its history and work out your own philosophy concerning the future.[1] Many of you are now and will be even more in the future in positions where your knowledge and judgment of these matters is of great importance.

I hope you will forgive me for bringing this matter into the subject of public relations, which I was asked to talk about. Public relations is usually accepted as a much more limited field than I have been discussing, reading material suggested by Mr. Page is attached and I shall now revert to that field.

I am glad to be at a public relations conference of operating people. The public relations people generally confer together and convert each other on public relations and the operating people confer together on operations and convert each other and everybody stays more or less within the party line.

But actually, if the operating people did all their job, there would be little or no place for public relations people – and if they did their business perfectly, they would work themselves out of a job. However, I have never heard of this happening so we might as well discuss things more or less as they are and not speculate on the aspects of perfection.

[1] Reading material suggested by Mr. Page is included at the end of the speech.

The President or Chief Executive Officer of a company is responsible for its reputation – in other words for its public relations. He is responsible for what it does and what it says and what the public thinks of it. He is also responsible for his and its impact on the thinking of the American people generally. This last may be very important.

Let's stop a minute on this point.

All business in this country—and every other—is authorized by and responsible to government. In this country all business begins with a charter or a license to serve the public. The governmental body that gives the charter or license gives it for the public benefit and if the public doesn't get what it expects, its governmental agent can render the charter or license useless by law or regulation. There is practically no inherent right to do business for the sake of the business only.

In this country the Democrats under Jackson passed a death sentence on the United States Bank. Mr. Biddle, who ran the bank, did not read the public mind aright and he paid the price. In more recent times the electric holding companies made a misjudgment, and they too were rewarded with a death sentence. The Bell System acquired the Western Union, as it thought to give better service, but it found also that its judgment was wrong and it had to give it up.

Just to make the record clear, the public penalties are not meted out just to the utilities. The liquor business is one of the oldest in the world—historically a public necessity, but it was temporarily abolished in this country. The Standard Oil and The American Tobacco Company were split up. The Aluminum Company was harassed by endless suits and finally confronted with government-aided competition.

The chain stores, in concentrating on reducing costs to the public, overlooked certain local citizenship responsibilities and exposed themselves to the threat of punitive State laws.

There are any number of examples of this major kind and myriad of lesser evidences of public dissatisfaction.

If you look back over the record you will probably come to the conclusion that in many cases the threats and punishments of public disapproval were justified. In other cases they will appear to have been unreasonable.

But it will be clear that whether the public was wise or not, no business can serve the public well that does not constantly study the public desires not only in the quality of goods and services, but also in general behavior.

The public relations job of the president, therefore, is first of all to have the company intend to do the right thing by the public. Then he has to find out what that is.

Then he has to get everyone in the company to do his part in carrying out the policy effectively, reasonably and politely. This is a real test of management.

Thirdly, the president has to set the pace for the talking and writing the company does.

As you think these things over you can see that a president could well use some help in his public relations job.

He particularly needs someone to stand on the bridge with him and watch the weather of public and political opinion, a man who knows the business and knows, as well as anyone can, the currents of mass thinking in the United States.

That isn't so easy, for as General Carty once remarked about technical telephony, "If it is an exact science it is one about which very little is known."

The president also needs help in making his public relations policies operative amongst all employees. This is the function of the operating line of command. It won't work if they do not have the faith. The public relations man can help in this.

The public relations man can also have a hand in stimulating and directing the talking and writing of the company at all levels.

Of course, as I said before, if you had a perfect president and perfect line organization, you wouldn't need any public relations man.

If you accept this idea of public relations, what kind of man should a company have heading that activity?

In the first place, he should know his own company and what it does and can do intimately. There are several reasons for this.

This knowledge is necessary if he is to be a useful counselor to the president and it is necessary to command the respect and get the cooperation of the line organization. It is also necessary in helping the company policy for without it, no one can determine what is the best the company can do for the public or in what manner it can be done.

On the other side, the man must have a knowledge of public and political behavior.

If he is a political student first he will have to make himself really understand the business and its possibilities.

If he is a line operator and knows these things, he will have to develop his public appreciation.

He must be an understanding advocate of his company but never in such a way as to let him forget the desires and expectations of the public. He must be the public's representative in the company councils and the company's advocate to the public. And this assumes, which I believe to be true in this country, that the fundamental welfare of business and the fundamental welfare of the public are identical. Ignorance, and shortsightedness on either side may make their interests seem in conflict. It is the

business of public relations to increase the wisdom of management so that in fact they coincide and to reduce the ignorance of the public so that they appear to coincide.

The problem of organized public relations is to help big business serve the American democracy well and deserve its respect and approbation.

So much for the public relations man. If he is good he can be of great help to you. But he cannot make the company well and favorably known, for its acts are those of the line organization and its policies are those of the president. His important role is as a staff officer. Generally he has also a line responsibility for getting out news and advertisements and kindred matters but these are expressions of presidential policy.

I am not belittling the influence or the importance of the public relations officer but the major part of public relations is, and must be, conducted by the line organization. A company's reputation is chiefly dependent upon what it does and in a lesser degree on what it says and this lesser degree becomes very small indeed if what it says and what it does do not jibe.

So you operating people who have come here to discuss public relations have come to talk about your own business—and a very important part of it.

There are many, many angles to the process of acquiring a good reputation.

Let's take a look at the function of line organization in relation to two of them.

The first is good manners. Charity, the Bible says, shall cover the multitude of sins. Good manners are a close second to charity. Now as most of us are likely to commit a considerable collection of sins of omission and commission, one of the most useful things in the world is to have enough good manners to cover them over. What are a company's manners? They are the manners of every employee that comes in contact with the public on the job and often off the job.

How do you get all these people to be polite, thoughtful and helpful? The public relations man can't achieve that by writing a powerful piece on the value of manners. If he can persuade you of the importance of it, it will get done, especially if you are convinced that top management is in earnest in the matter by seeing someone promoted for doing it successfully.

It can be achieved, but in spite of the fact that most employees are by nature courteous and helpful, the task isn't easy. Really good manners are a routine. They take judgment as well as good will. A man who lives and acts by routines and orders, tends to abandon judgment. Good manners come with some latitude to think and act and I do not have to tell you that training large numbers of people so that you can trust them to think and act is quite a job. Yet it can be done and it has been done. It takes constant and unrelenting teaching, preaching and example. It takes a good line organization to do it day in and day out, year after year.

The other aspect of public relations I want to talk about is called communications which, I take it, means getting information from the top levels to the bottom levels, and vice versa.

A company may have the best policies and intentions in the world, but if they are not translated into acts by those who have contact with the public, they will be largely discounted.

Consequently whatever the policies are the employees must know them and believe in them. The more an employee knows, the better he is likely to do his job and the more likely he is to grow available for a better job. And the more he knows about the reasons for what he does, the more likely he is to present the company in a reasonable light to the public. A man can't explain something he doesn't understand himself or give confidence to someone else in something he has not faith in himself.

To have knowledge and reason spread through the ranks of an organization means that from the foreman up to top management all supervisors must look upon the process as one vital to the success of the business.

There is, at this time, a particular reason for greater attention to informing the employees and increasing their understanding. Under the Wagner and Taft-Hartley acts—which incidentally were passed because the public thought industry abused its power over labor –the union leaders have become so powerful that they can marshal their members behind arbitrary and unreasonable demands and things which are against the public interest.

It is of the utmost importance that the workers understand the possibilities and impossibilities and what, in the long run, is to their advantage so that they are less easily herded into reckless adventures.

The more the employees know, the more likely they are to have a wise union leadership by which I mean one that gets the full share that labor can be paid without unfairness to the public in prices which results in less sales and fewer jobs, or unfairness to capital which results in less expenditures for tools and equipment which means less earnings for the workers in the long run.

If the employees are continually informed

1. they will do their jobs better;
2. better lower supervision will come up from the ranks;
3. their contacts with the public will be better informed;
4. they will have the wherewithal of sweet reasonableness to bolster their politeness;
5. they will engender a better union leadership

This is all to the end of running a business so that the more the employees know about it, the better they feel about it, running it with people who know what they are doing and why, and people have a pride in their business and who want it held in high esteem by other people because it deserves to be.

You remember what Mark Twain said about the weather. Everybody talks about it, nobody does anything about it.

Well, the communication subject is somewhat in the same fix. And I suspect that a good many people feel as hopeless about getting an effective relationship with labor under present conditions as they do about talking Diane and Cora into good behavior.

But on this point I want to tell you a story.

In 1947 the General Electric had a strike—a big one and a bad one. They had not had anything like it before. They were distressed to find that not only was their reputation undermined with their labor, but that it was undermined in the communities where they operated.

It was such a shock that they decided to do something about it. That decision was the main thing for communications, if you want to call it that, at that moment became as important as production, sales, or anything else. It had all the money it could effectively spend. It had manpower and precedence. At the end of six years the General Electric had sufficient credence with its employees and in its communities to settle with its people on the local union level, in spite of the opposition of the head of its biggest union. The agreement went into effect without his signature. This year General Electric negotiated a five-year contract and that same union leader, Mr. Cary of the I.U.E., C.I.O., signed it under compulsion, for his locals would not go on strike.

This was in a year of the so-called guaranteed annual wage and all manner of union success. True, General Electric gave their men a good contract, but it was not excessive and it was not done under a strike threat. It was done by understanding – seven years of communications.

General Electric isn't alone in this. There is evidence enough to show that these results could be achieved by successful business practically anywhere, that the importance of getting these results are accepted, and time, money and effort are given to the task.

Union leader domination and bad labor relations are not an act of God like the hurricanes. They can be largely controlled by management when it seriously chooses to do so.

And to my mind this is a good time to get serious about it, for the situation is bad and moreover, the union leaders are likely to help management by over playing their hands. They are relatively new to great arbitrary power and few people who get great power suddenly get with it the tolerance and wisdom to prevent its abuse. Maybe the instincts of the majority of Americans are on the side of more individual liberty and less arbitrary power in union affairs as elsewhere.

So much for communications.

A company that has this philosophy will just naturally have good public relations especially if the line of organization doesn't let the very real necessity of doing the daily job up to the best standards then in practice, prevent their imagination from roaming in all directions to see what more can be done for the public. If they read with this in mind and listen with this in mind, they will be attuned to the infinite numbers of hints and suggestions that daily flow from the minds of men.

One of the most interesting recent speculations of this kind was in a speech by Secretary Weeks. Perhaps some of you have read it. But at the risk of repetition I want to read a few paragraphs, for they bring out clearly two points.

He wants the utilities to make more money, why? Just for their sakes, no. But because if they do he thinks they might serve the country better.

He says, "In the competitive field the company that moves fast can make extra profits. These extra profits give it money with which to move fast again. * * *This kind of progress is not so easy in the regulated industries, for unfortunately, we have come to regulate the price they charge by limiting the profit they can make. * * *The question that arises at this time and in the light of conditions which we shall face in the future is whether a rate is reasonable if it does not stimulate research to the fullest possible extent, does not recognize obsolescene and does not encourage the rapid development and use of equipment which can increase efficiency and cut costs.

"In the competitive world we should never think of assuming that a company that made a low profit was for that reason the best place to buy."

"Our instinct and experience is rather the opposite of that philosophy. Yet in the regulated field we do assume that it is something of proof that the rates to the consumer are right <u>if</u> the return to the company is relatively low—very far below the return of a successful company in the competitive field."

"In my judgment, it is not only possible but almost surely probable that, in the regulated industries, the rates to the public would be lower and service better if the return on investment were higher and the stimulation to progress were thereby greater. It seems to me this possibility deserves study and experimentation."

And now I am going to commit one of the great errors, which is to set down what sound like a series of rules without reasons—but I do it only because you know enough to apply them with discrimination.

Don't be afraid of ideas that are contrary to present practice. Most everyone who gets to the top gets there for doing something different.

Don't concentrate so much on the <u>things</u> you work with as to forget the public you work for.

Keep your mind open and stir your imagination to speculate on what more the company can do for the public.

Keep the stream of knowledge flowing freely to the boys below you so that they too can reason and be reasonable and grow in stature.

By preaching, teaching and example and any other way you can figure out, keep good manners prevalent throughout the force.

In the words of the Negro preacher – "The acting of religion" is yours. You can get a lot of help from the public relations man if he is good, for he is studying these matters all the time without other obligations, but most of what is actually done you are going to have to do.

But do not confine your thinking, reading and listening to the immediate matters of your own job or your own company. You work for the American people and they will appraise your work and judge its value by their judgments. It is highly important to understand as much as one can of why they think and act as they do.

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