



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

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
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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 public 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.